Solartech International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1166

Annual Report

2022

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAU Lai Him *(Chairman and Managing Director)*
CHAU Chi Ho *(Deputy Chairman)*
LIU Dong Yang

Independent Non-Executive Directors

CHUNG Kam Kwong
LO Wai Ming
LO Chao Ming

COMPANY SECRETARY

CHAN Kam Yee

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 15, 18/F, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

STOCK CODE

1166

WEBSITE

www.1166hk.com

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR

Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS (IN ALPHABETICAL ORDER)

Bank of China Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

FINANCIAL RESULTS

The Board of Directors (the "**Directors**" or "**Board**") of Solartech International Holdings Limited (the "**Company**") announces that for the year ended 30 June 2022 (the "**Financial Year**" or the "**year under review**"), total turnover of the Company and its subsidiaries (the "**Group**") was approximately HK$471,521,000, representing an increase of 8.9% as compared to approximately HK$433,049,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$102,218,000, as compared to profit attributable to owners of the Company of approximately HK$156,346,000 for the corresponding period last year. Loss per share for the year under review was HK$0.043 (earnings per share for 2020/2021: HK$0.066).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$471,521,000, representing an increase of 8.9% as compared to approximately HK$433,049,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$300,238,000, representing an increase of 7.6% as compared to approximately HK$278,995,000 for the same period of last year and accounting for 63.7% of the Group's total turnover. Turnover of the copper rod business was approximately HK$157,847,000, representing an increase of 12.5% as compared to approximately HK$140,300,000 for the same period of last year and accounting for 33.5% of the Group's total turnover. Turnover of the leasing business was approximately HK$13,436,000, representing a decrease of 2.3% as compared to approximately HK$13,754,000 for the same period of last year and accounting for 2.8% of the Group's total turnover. Other businesses remained dormant during the year under review.

By geographical market segments, turnover from the business in the Americas increased by 15.0% to approximately HK$44,677,000 from approximately HK$38,843,000 for the same period of last year, accounting for 9.5% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong increased by 7.0% to approximately HK$327,313,000 from approximately HK$305,932,000 for the same period of last year, accounting for 69.4% of the Group's total turnover. Turnover from the business in Europe increased by 22.3% to approximately HK$75,413,000 from approximately HK$61,646,000 for the same period of last year, accounting for 16.0% of the Group's total turnover. Turnover from the business in other countries decreased by 9.4% to approximately HK$24,118,000 from approximately HK$26,628,000 for the same period of last year, accounting for 5.1% of the Group's total turnover.

Cables and Wires

The Group's cables and wires business recorded turnover of approximately HK$300,238,000 for the year under review, representing an increase of 7.6% as compared to approximately HK$278,995,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, the Group benefited from the easing of the COVID-19 pandemic ("**COVID-19**") in China and the reopening of the international community. The world was recovering socially and economically with the widespread vaccination, which led to a continuous increase in the demand for household appliances. These factors contributed to the growth of the Group's cables and wires business during the year under review.

CHAIRMAN'S STATEMENT

Copper Rod Business

The copper rod business includes the trading of copper rods and copper wires and their related products. During the year under review, the turnover of the copper rod business was approximately HK$157,847,000, representing an increase of 12.5% as compared to approximately HK$140,300,000 for the same period of last year. International copper prices declined during the year under review, and the 3-month London Metal Exchange copper price fell from approximately US$9,400 per tonne at the beginning of the year under review to approximately US$8,200 per tonne at the end of the year under review. Amidst economic recovery and rising inflation, the copper rod trading business recorded growth. The Group has been closely monitoring the development of the operating environment and adopted targeted marketing strategies accordingly.

Rental Income

The Group's investment properties mainly comprise industrial properties in Hong Kong and the PRC. During the year under review, rental income was approximately HK$13,436,000, representing a decrease of approximately 2.3% as compared with approximately HK$13,754,000 for the same period of last year. The decrease was due to the effect of exchange rate changes.

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. During the year under review, although the Mongolian government lifted many of the restrictions related to COVID-19, the Chinese authorities continued to impose additional precautionary measures and requirements at China-Mongolia border ports to prevent import of COVID-19 cases, including limiting the number of, or prohibiting the entry of, people, logistics and freight vehicles from Mongolia.

Unexpected rising inflation worldwide, the tightening of monetary policy amidst growing inflationary pressure, and central banks' aggressive interest rate hikes to curb inflation will lead to an overall slowdown in global economic growth. It is expected that there will be a wider range of market volatility over the next one or two years. 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 carried out during the year under review.

PROSPECTS

The construction of the Group's modern factory buildings Phase I in Dongguan will be completed in the coming year. The Directors expect that the newly constructed facilities will start to generate income for the Group in the coming year. 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 returns to shareholders.

During the year under review, China's property and construction sectors remained unoptimistic as the development of the property sector was subject to macro-control, the unsatisfactory profitability of some large property developers and the lingering effects of the debt crisis, which led to a continuous decline in the gross floor area completed and a consequent shrinkage of the market for building stones. In addition, the continued impact of the COVID-19 has brought uncertainty to construction projects. In view of the above, the Group has temporarily 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 re-consider the development prospect of the project and the possibility of its disposal.

Due to the recurrences of the COVID-19 outbreaks in China, stringent quarantine measures have been imposed on logistics and people movement, which would increase the Group's shipping and production delays. The Group will closely monitor the development of the pandemic and take quick response measures to mitigate some of the uncertainties brought about by the stringent quarantine measures.

Looking ahead, the Group will continue to optimise and consolidate its existing operations, actively identify potential business partners and new business opportunities with growth potential to achieve a balanced development with existing business, expand its revenue streams to achieve diversified and sustainable development, and increase shareholders' value.

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

Chau Lai Him
Chairman and Managing Director

29 September 2022

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAU Lai Him, aged 71, is the Chairman and Managing Director of the Company and the founder of the Group. Mr. Chau has been appointed as an executive Director of the Company since November 1996. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 40 years' experience in the cable and wire industry and extensive experience in the mining industry. Mr. Chau is the father of Mr. Chau Chi Ho, the Deputy Chairman and executive Director of the Company.

Mr. CHAU Chi Ho, aged 40, has been appointed as an executive Director since April 2015 and was appointed as the deputy chairman of the Company on 21 June 2019. He is the financial controller of Chau's Electrical Company Limited. He is responsible for accounting and financial management of the subsidiaries of the Company in Hong Kong and Dongguan. He holds a bachelor's degree in Business Administration from the California State Polytechnic University Pomona, United States and has more than 10 years' experience in finance and accounting. He is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company.

Mr. LIU Dong Yang, aged 48, has been appointed as an executive Director since January 2010. Mr. Liu is the general manager of Shanghai Chau's Electrical Company Limited and is responsible for its overall operations. He holds a college diploma in international finance from Hunan Finance and Economics College and a bachelor degree in business administration from the distance education college of Renmin University of China. He has more than 25 years' experience in finance and accounting and has more than 20 years' experience in manufacturing management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG KAM Kwong, aged 65, has been appointed as an independent non-executive Director of the Company since March 2003. Mr. Chung is a practising Certified Public Accountant in Hong Kong, a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, a member of CPA Australia and a member of the Macau Society of Certified Practising Accountants. He holds a bachelor degree in economics, major in Accounting, from the University of Hull, United Kingdom and a post graduate diploma of financial management from the University of New England, Australia. Mr. Chung has extensive experience in accounting and financial management. He is an independent non-executive director of Truly International Holdings Limited (stock code: 732) which is listed on the main board of the Stock Exchange.

Mr. LO Wai Ming, aged 70, has been appointed as an independent non-executive Director of the Company since January 2000. Mr. Lo is the president of Greater China Asset Management Limited. He is also the director and general manager of SW China Strategic Holdings Limited. He has more than 35 years' experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance. He holds a bachelor degree in Social Sciences (Hons) and a master degree in business administration from the Chinese University of Hong Kong. He is a fellow of the Chartered Management Institute of the United Kingdom.

Mr. LO Chao Ming, aged 57, has been appointed as an independent non-executive Director of the Company since November 2006. He is the general manager of Sunf Pu Technology Co., Ltd., a company incorporated in Taiwan, Republic of China. He has more than 30 years' experience in the cable and wire industry.

COMPANY SECRETARY

Ms. CHAN Kam Yee, Shirley, aged 62, has been appointed as the company secretary of the Company since November 2007. She is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has more than 30 years' experience in finance and accounting and more than 25 years' experience in company secretarial affairs.

SENIOR MANAGEMENT

Ms. LAM Sui Lan, Miranda, aged 53, rejoined the Group in March 2004 and is the assistant to managing director of Chau's Electrical Company Limited ("**Chau's**") She holds a bachelor's degree of arts, major in business administration from the University of Northumbria at Newcastle, the United Kingdom and a higher diploma in business studies from the City University of Hong Kong. She has more than 25 years' experience in sales and marketing in the field of cable and wire products.

Mr. TSUI Lok Kin, aged 41, joined the Group in April 2016 and is the finance manager of Chau's and is responsible for accounting and financial management. He holds a bachelor degree in business from the Monash University, Australia. He is a member of the CPA Australia and has more than 10 years' experience in auditing, finance and accounting.

Mr. LI Kai Yau, aged 44, joined the Group in July 2019 and is the general manager of Dongguan Qiaozi Chau's Electrical Co., Ltd. ("**Dongguan Qiaozi Chau's**") and Dongguan Hua Yi Brass Products Co., Ltd. He is responsible for the overall operations of Dongguan Qiaozi Chau's and Dongguan Hua Yi. He has more than 10 years' experience in manufacturing management.

Mr. ZHOU Qi Qin, aged 58, joined the Group in November 1988 and is the operations manager of Dongguan Qiaozi Chau's. He is responsible for the production operations of the Dongguan Qiaozi's manufacturing facilities. He has more than 30 years' experience in manufacturing management.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 30 June 2022 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the cables and wires business, copper rod business, property investment business, mining business and advertising business. The activities of the Company's principal subsidiaries, associates and joint ventures are set out in notes 20, 21 and 22 to the Financial Statements, respectively. An analysis of the revenue from the principal activities during the year ended 30 June 2022 is set out in notes 6 and 7 to the Financial Statements. Further discussion and analysis of the operating activities of the Group during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), can be found in the sections headed "Chairman's Statement" as set out on pages 3 to 5 of this annual report. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group as at the date of this directors' report.

Risk in Mining Business

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. As there are still many uncertainties in the Mongolian and the international mineral markets, apart from the necessary work to maintain mining rights, no large scale capital investment was made during the year under review. The management will closely monitor the investment and mining business risks in Mongolia and make adjustments to the investment strategies accordingly.

Foreign Exchange Rate Risk

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.

Market Risk

Market risk is the risk arising from the movement in market prices, such as, foreign exchange rates and interest rates, which reduces profitability or affects ability to meet business objectives. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Interest Rate Risk

For interest-sensitive investments, the Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

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 report.

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 report.

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 2022.

ADOPTION OF THE NEW BYE-LAWS

On 4 May 2022, the Company announced that the Directors proposed to amend the bye-Laws of the Company to (i) reflect and align with changes to the requirements under Appendix 3 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which took effect on 1 January 2022; (ii) provide the Company with more flexibility and provide Shareholders with the option of attending general meetings through electronic means; and (iii) incorporate certain housekeeping amendments.

Details of the proposed amendments to the bye-laws by way of adoption of the amended and restated bye-laws, incorporating all the proposed amendments (the "**New Bye-laws**" or the "**Bye-laws**") in substitution for, and to the exclusion of the then existing bye-laws, were set out in the Company's circular dated 6 May 2022.

Upon approval of the shareholders at the special general meeting of the Company held on 31 May 2022, the special resolution regarding the adoption of the New Bye-laws was passed by the shareholders of the Company by way of poll and the New Bye-laws have become effective. The full text of the New Bye-laws is available on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.1166hk.com).

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Group as well as preserving the interests of its Shareholders as a whole. The Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, save and except for the deviations from Code provisions B.2.3, C.2.1 and F2.2, and has prepared the corporate governance report. The Board will continue to review and monitor the practices of the Group with an aim to maintaining the highest standard of corporate governance.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted by the Group. Such initiatives include recycling of used papers and energy saving.

We have completed our Environmental, Social and Governance ("**ESG**") report which contains our ESG information in 2021/2022 and the requirements under the ESG Reporting Guide of the Listing Rules. The ESG Report of the Company for the year ended 30 June 2022 is set out on pages 38 to 60 of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationships with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners or bank enterprises.

RESULTS

The results of the Group for the year ended 30 June 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 67 and 68 of this annual report.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2022.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 162 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of additions and other movements during the year ended 30 June 2022 in the property, plant and equipment of the Group are set out in note 15 to the Financial Statements.

SHARE CAPITAL

During the year ended 30 June 2022, no share options were exercised and no new ordinary shares of par value of HK$0.01 each ("**Shares**") in the share capital of the Company were issued during the year ended 30 June 2022.

Details of changes in the share capital of the Company during the year ended 30 June 2022 are set out in note 35 to the Financial Statements.

RESERVES

The Company's distributable reserve as at 30 June 2022 was Nil (30 June 2021: Nil). Details of movements in the reserves of the Group during the year ended 30 June 2022 are set out in the Consolidated Statement of Changes in Equity on pages 71 and 72 of this annual report.

RELATED PARTY TRANSACTIONS

During the year ended 30 June 2022, related party transactions which do not constitute connected transaction under the Listing Rules was Nil as disclosed in note 42 to the Financial Statements. Other than disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 30 June 2022.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2022, the Group implemented a prudent financial management policy. As at 30 June 2022, the Group had cash and bank balances amounting to approximately HK$71 million (30 June 2021: HK$67 million) and value of net current assets was approximately HK$64 million (30 June 2021: HK$68 million). The Group's gearing ratio as at 30 June 2022 was 0.31 (30 June 2021: 0.23), being a ratio of total borrowings of approximately HK$337 million (30 June 2021: HK$270 million) to shareholders' funds of approximately HK$1,089 million (30 June 2021: HK$1,200 million).

CHARGES ON GROUP ASSETS

As at 30 June 2022, the Group had pledged investment properties and property, plant and equipment with an aggregate net book value of approximately HK$692 million (30 June 2021: HK$364 million) and pledged bank deposit of HK$Nil (30 June 2021: HK$72 million) to secure general banking facilities granted to the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 30 June 2022 are set out in note 31 to the Financial Statements.

CONTINGENT LIABILITIES

As at 30 June 2022, 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.

DIRECTORS' REPORT

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 2022 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$734,000 (2020/2021: net loss of HK$507,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year under review and up to the date of this directors' report were:

Executive Directors:

Mr. Chau Lai Him *(Chairman and Managing Director)*
Mr. Chau Chi Ho *(Deputy Chairman)*
Mr. Liu Dong Yang

Independent non-executive Directors:

Mr. Chung Kam Kwong
Mr. Lo Wai Ming
Mr. Lo Chao Ming

Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming will retire by rotation from office as Directors at the forthcoming annual general meeting and Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming, being eligible, will offer themselves for re-election pursuant to Bye-law 84 of the Bye-laws of the Company.

Independent non-executive Directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Profiles of Directors and senior management of the Group are set out on pages 6 to 7 to this annual report.

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 a 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.

Up to the date of this report, the Company has not been provided with any updates regarding 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.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 December 2012, the Company conditionally adopted the share option scheme (the "**2012 Share Option Scheme**"). The details of the 2012 Share Option Scheme are set out in a circular to the shareholders of the Company dated 24 October 2012. A summary of the 2012 Share Option Scheme is as follows:

Purpose of the 2012 Share Option Scheme	The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to the eligible persons thereunder for their contributions and continuing efforts to promote the interests of the Group and to enable the Group to recruit and retain high calibre employees.
Participants	The participants of the 2012 Share Option Scheme ("**Participants**") include (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work fulltime or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the foregoing persons.
Total number of securities available for issue under the 2012 Share Option Scheme	237,453,234 Shares (the maximum number of Shares subject to the Existing Scheme Mandate Limit under the 2012 Share Option Scheme is 237,453,234, which was approved by an ordinary resolution of the Shareholders at the annual general meeting of the Company held on 6 December 2019, representing 10% of the issued shares as at the date of this report).

Maximum entitlement of each Participant	No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.
Period within which the securities must be taken up under an Option	10 years commencing from the date on which the offer in relation to such Option is accepted or otherwise determined and notified by the Board to the Grantee.
The minimum period, if any, for which an option must be held before it can be exercised	The Board has discretion to set a minimum period for which a Share Option has to be held before the exercise of the subscription rights attaching thereto.
The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK$1.00 is to be paid by each Grantee as consideration for the grant of Share Option within 28 days from the date of offer.
Basis of determining the exercise price	The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine but the subscription price shall be at least the highest of: (a) the closing price of a share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.
Remaining life of the 2012 Share Option Scheme	The 2012 Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional.

On 25 July 2019 ("**Date of Grant**"), the Company resolved to grant share options to subscribe for a total of 53,800,000 Shares to certain eligible persons (the "**Grantees**"), subject to acceptance of the Grantees, under the 2012 Share Option Scheme. None of the Grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or is an associate (as defined in the Listing Rules) of any of them. The details of the options granted on 25 July 2019 were set out in the announcement of the Company dated 25 July 2019 and the Company's 2020 Annual Report and 2021 Annual Report.

Details of the share options granted, exercised, cancelled and lapsed during the year under review under the 2012 Share Option Scheme are set out below:

Name or category of participants	Date of grant	Exercisable period	Exercise price HK$ Note (1)	Number of Share Options: Outstanding at 1.7.2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 30.6.2022
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 30 June 2022, there were no outstanding share options to subscribe for Shares of the Company.

As at 30 June 2022, 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 pursuant to the 2012 Share Option Scheme.

During the year under review, a total of 53,800,000 share options 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 year ended 30 June 2022.

The 2012 Share Option Scheme will expire on 17 December 2022. Apart from the 2012 Share Option Scheme, the Company has no valid or other similar share option schemes of its own as at the date of this report.

Proposed adoption of the New Share Option Scheme

As the 2012 Share Option Scheme will soon expire and to enable the Company to grant options to eligible participants as incentives or rewards for their contributions to the success of the Group, the Board proposes to recommend to the Shareholders at the 2022 AGM (the forthcoming annual general meeting of the Company) to (among others) approve and adopt a new share option scheme (the "**New Share Option Scheme**"). The New Share Option Scheme will become effective on the date of fulfilment of the following conditions precedent:

(i) the passing of ordinary resolution(s) by the Shareholders at the 2022 AGM to, among others, (a) approve and adopt the New Share Option Scheme; (b) authorise the Board to grant Options under the New Share Option Scheme; and (c) authorise the Board to allot and issue Shares pursuant to the exercise of any Options that may be granted under the New Share Option Scheme;

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares falling to be allotted and issued by the Company pursuant to the exercise of the Options under the New Share Option Scheme; and

(iii) the Bermuda Monetary Authority granting approval for the issue of Options under the New Share Option Scheme and the issue of Shares pursuant to the exercise of such Options, if applicable.

Once the New Share Option Scheme is adopted, any alteration to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

A circular containing, among other things, a summary of the key terms of the New Share Option Scheme brought about by the adoption of New Share Option Scheme and a notice convening the 2022 AGM will be despatched to the Shareholders in due course.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, 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 (Chapter 571 of the laws of Hong Kong) ("**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	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 30 June 2022, 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 Executive of the Company, as at 30 June 2022, 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" regarding Share Options of this directors' report, at no time during the year ended 30 June 2022 were rights to acquire benefits by means of acquisition of shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 30 June 2022, none of the Directors of the Company had any interest in a business which competes, either directly or indirectly, with the business of the Company or the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year ended 30 June 2022 or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2022.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors have confirmed that they are independent.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2022, the five largest customers of the Group together accounted for approximately 40.6% of the Group's total turnover and the five largest suppliers of the Group together accounted for approximately 61.4% of the Group's total purchases, with the largest customer accounted for approximately 13.2% of the Group's total turnover and the largest supplier accounted for approximately 23.4% of the Group's total purchases for the year ended 30 June 2022.

At no time during the year ended 30 June 2022 did any of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or five largest suppliers.

DIRECTORS' REPORT

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company and subject to relevant provisions therein, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur in or sustain by the execution of his duty as a director of the Company or otherwise in relation thereto. The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review.

EMOLUMENT POLICY

As at 30 June 2022, the Group had approximately 400 employees in Hong Kong, 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.

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results and individual performance.

The Company has adopted the 2012 Share Option Scheme to provide incentive to eligible persons, including Directors of the Company and eligible employees of the Group, for their contribution and continuing efforts to the Group.

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

During the years ended 30 June 2022 and 30 June 2021, 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.

Particulars of the Group's retirement benefits schemes are set out in note 41 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this directors' report, the Directors are satisfied that the Company has maintained the minimum public float prescribed under the Listing Rules.

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

With effect from 15 August 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Secretaries Limited (the "**Branch Share Registrar**"), has changed its address from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to:

17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar remain unchanged.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of the Company (the "**2022 AGM**") will be held on Monday, 5 December 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 30 November 2022 to Monday, 5 December 2022, 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 2022 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 29 November 2022.

EVENTS AFTER THE REPORTING PERIOD

Discloseable Transaction in relation to the Disposal of the Properties of Chau's Electrical Company Limited

On 13 July 2022, the Company announced that on 13 July 2022 (after the trading hours), Chau's Electrical Company Limited (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into the following two preliminary sale and purchase agreements:

(a) Workshops Preliminary Agreement

The preliminary sale and purchase agreement with Hongkong Breezy Point Holdings Limited ("**Purchaser A**"), as purchaser, in relation to the sales and purchase of Workshop 7 with 2 lightwell spaces on 2nd floor ("**Workshop 7**") and Workshop 5 on 1st floor ("**Workshop 5**"), Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong, at the consideration of HK$50,000,000 (the "**Workshops Preliminary Agreement**").

On 28 July 2022, the Vendor and Purchaser A entered into the formal agreement for the sale and purchase of Workshop 7 and Workshop 5. Purchaser A shall acquire Workshop 7 subject to the existing tenancy.

Completion will take place on or before 13 October 2022. Upon completion, Purchaser A as landlord and the Vendor will enter into a leaseback agreement in relation of Workshop 5 at a monthly rent of HK$10,000 (inclusive of management fee, rates and government rent) for a term of one year commencing from the date of completion.

The following payment terms are applied to settle the consideration of HK$50,000,000:

(i) HK$2,500,000 was paid by the Purchaser A upon signing of the Workshops Preliminary Agreement as initial deposit;

(ii) HK$2,500,000 was paid on 28 July 2022 as further deposit; and

(iii) HK$45,000,000 shall be paid upon completion of the disposal on or before 13 October 2022.

(b) Carpark Preliminary Agreement

The preliminary sale and purchase agreement with Mr. Chen Weigang (陳偉鋼) ("**Purchaser B**"), as purchaser, in relation of the sale and purchase of Car Park No. L5 (the "**Parking Space**") on 1st floor, Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong, at the consideration of HK$2,500,000 (the "**Carpark Preliminary Agreement**").

On 28 July 2022, the Vendor and Purchaser B entered into the formal agreement for the sale and purchase of the Parking Space. Purchaser B shall acquire the Parking Space subject to the existing tenancy. Completion will take place on or before 13 October 2022.

The following payment terms are applied to settle the consideration of HK$2,500,000:

(i) HK$125,000 was paid by Purchaser B upon signing of the Carpark Preliminary Agreement as initial deposit;

(ii) HK$125,000 was paid on or before 28 July 2022 as further deposit; and

(iii) HK$2,250,000 shall be paid upon completion of the disposal on or before 13 October 2022.

The Workshops Preliminary Agreement and the Carpark Preliminary Agreement are collectively referred to as the "**Preliminary Agreements**", Purchaser A and Purchaser B are collectively referred to as the "**Purchasers**", the disposals contemplated under the Preliminary Agreements are collectively referred to as the "**Disposal**", and Workshop A, Workshop B and the Parking Space under the Preliminary Agreements are collectively referred to as the "**Properties**".

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

The total consideration of HK$52,500,000 for the Disposal under the Preliminary Agreements was determined after arm's length negotiation between the Vendor and the Purchasers with reference to the valuation of the Properties conducted by an independent valuer as at 31 December 2021 of approximately HK$59,300,000 (the "**Appraised Value**") and the recent property market conditions in Hong Kong.

Reasons for and Benefits of the Disposal

The Directors consider that in view of the uncertainty and volatility in the local property market due to the persistence of the COVID-19 as well as the contemplation of increase in interest rate in Hong Kong, there is no guarantee that the Properties will continue to enjoy further capital appreciation.

The Directors also consider that although the consideration for the Disposal represents a discount of approximately 11.5% to the Appraised Value, such discount is not unreasonable as the Disposal represents a good opportunity for the Group to realise its investment in the Properties and enhance the liquidity of the Group amid the uncertainty in the local economy. The Group intends to use the net proceeds from the Disposal for partial repayment of its loans, thereby reducing future interest expenses and lowering the gearing ratio of the Group.

The Directors are of the view that (i) the Disposal and the transactions contemplated under the Preliminary Agreements are on normal commercial terms; and (ii) the terms, including the consideration, of the Preliminary Agreements, which were determined after arm's length negotiations between the parties, are fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

Financial Effect and Use of Proceeds

The carrying value of the Properties as recorded in the unaudited consolidated accounts of the Company as at 31 December 2021 was approximately HK$52,233,000. It is expected to record a gain of approximately HK$267,000 from the Disposal, which is calculated based on the consideration received by the Group from the Disposal less the carrying value of the Properties as at 31 December 2021.

It is expected that the aggregate net proceeds of the Disposal (after deduction of transaction costs, agency fees and ancillary expenses) will be approximately HK$51,500,000. The Company intends to apply the net proceeds of the Disposal for repayment of the outstanding principal and accrued interest under the General Credit Facilities.

Implications under the Listing Rules

As Purchaser B is the spouse of the ultimate beneficial owner of Purchaser A, the transactions contemplated under the Workshops Preliminary Agreement and the Carpark Preliminary Agreement are aggregated as a single transaction under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal, on an aggregated basis, exceed 5%, but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Details of the Disposal were set out in the announcement of the Company dated 13 July 2022 and in Note 46 to the consolidated financial statement of this report.

Save as disclosed above, there was no significant event occurring after the Reporting Period of the Financial Statements.

DIRECTORS' REPORT

AUDITOR

The consolidated financial statements of the Company for the Financial Year have been audited by Messrs. BDO Limited, who will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be submitted to the 2022 AGM to re-appoint Messrs. BDO Limited as the auditor of the Company.

On behalf of the Board

Chau Lai Him
Chairman

29 September 2022

With effect from 1 January 2022, the structure of Appendix 14 to the Listing Rules has been updated and renamed as the Corporate Governance Code. The provisions of the updated Corporate Governance Code (the "**Code**") are applicable to financial years commencing on or after 1 January 2022.

CORPORATE STRATEGY

Under Code provision A.1.1 of the Code, the Board is required to establish the Company's purpose, values and strategy, and ensure that these and the Company's culture are aligned.

Since the year 2013, the Group has adopted the following principle statement as the mission of the Group (the "**Mission**"):

– To provide innovative, quality products with prompt delivery to customers at the most competitive prices (為客戶提供創新的優質產品，不但交貨快捷，而且價格公道)

The Group has established its vision and culture to be the market leader and customers' most preferred supplier in the global wire and cable industry. The Group believes in developing a coherent and harmonised relationship with our stakeholders and strives to provide a life-long learning environment for staff to grow and excel.

The Group endeavors to add value to the society and the environment through responsible and self-conscious actions in its business. The major value of the Group includes:

- Customer First attitude drives the Group to success
- Human Capital develops to its maximum potential
- Advance technology and methods to be employed in R&D
- Uniformity in process and document control
- Superior Quality in products and customer services

CORPORATE GOVERNANCE PRINCIPLES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Compliance with the Code Provisions

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices set out in Appendix 14 of the Listing Rules, save and except for the deviations from Code provisions B.2.3, C.2.1 and F.2.2 of the Code 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 ("**Mr. Lo**") 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 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 has extensive knowledge and experience in the cable and wire industry, and an 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 2022 AGM.

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 year 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 Managing Director, are necessary.

Code provision F.2.2

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

During the year under review, Mr. Chau, the Chairman and the Managing Director of the Company, was unable to 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. Mr. Chau Chi Ho, the deputy Chairman of the Company, presided over the 2021 AGM.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility of managing the Company's business and affairs. The ultimate responsibility for the day-to-day management of the Company is delegated to the Chairman/Managing Director and the management.

The Board currently comprises a total of six Directors, with three executive Directors, Messrs. Chau Lai Him (Chairman and Managing Director), Chau Chi Ho (Deputy Chairman) and Liu Dong Yang and three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. Mr. Chau Chi Ho is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship among members of the Board. More details of the biography of each of the Directors are disclosed on page 6 of this annual report. The Board has published and maintained on its website and on the Stock Exchange's website an updated list of the Directors identifying their role and function. The Board met regularly throughout the year ended 30 June 2022. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the company secretary of the Company (the "**Company Secretary**") to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or Director, the approval of the interim and final results, adequate resources for finance department to perform its role in financial reporting, other disclosures to the public or regulators and the internal control systems are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Managing Director.

The roles of the Chairman and the Managing Director are not separate and the explanation in connection with such deviation from Code provision C.2.1 is set out in the section headed "Compliance with the Code Provisions" of this report. The Chairman is responsible for providing leadership to the Board, effective running of the Board, ensuring all appropriate issues are discussed by the Board in a timely manner and formulating business strategies. The Chairman has ensured that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information.

During the year ended 30 June 2022, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board; one of the independent non-executive Directors is required to possess appropriate professional qualifications or accounting or related financial management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Each of Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming served as an independent non-executive Director for more than nine years and explanation in connection with such deviation from Code provision B.2.3 is set out in the section headed "Compliance with the Code Provisions" of this report. The Company will endeavour to comply with the requirement in Code Provision B.2.4(b) as soon as reasonably practicable.

Continuous Professional Development

Under Code provision C.1.4, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the year ended 30 June 2022, all Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. Directors are requested to provide their records of training they received to the Company Secretary for record.

	Attended Seminars or Briefing/Read Materials
Executive Directors	
Chau Lai Him	√
Chau Chi Ho	√
Liu Dong Yang	√
Independent non-executive Directors	
Chung Kam Kwong	√
Lo Wai Ming	√
Lo Chao Ming	√

Directors' and Officers' Liabilities Insurance

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Group.

BOARD OPERATION

During the year ended 30 June 2022, the Board held 6 Board meetings. The attendance records of each member of the Board at Board meetings and the attendance records of the respective members of the Board at the audit committee meetings, nomination committee meetings, remuneration committee meetings, whistleblowing committee meetings and the general meetings are set out below:

	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Whistleblowing committee meetings	Board meetings	2021 AGM	SGM
Executive Directors							
Chau Lai Him	–	1	–	–	6	–	–
Chau Chi Ho	–	–	–	–	6	1	1
Liu Dong Yang	–	–	–	–	6	–	–
Independent non-executive Directors							
Chung Kam Kwong	4	1	1	1	6	1	1
Lo Wai Ming	4	1	1	1	6	1	1
Lo Chao Ming	4	1	1	1	6	–	–

During the year ended 30 June 2022, the Company held one special general meeting on 31 May 2022 (the "**SGM**").

In place of physical meetings, the Board and Board committees also circulate written resolutions for approval by the relevant members of the Board and Board committees except for matters where a substantial shareholder or a Director has a conflict of interest which the Board has determined to be material in compliance with Code Provision C.5.7.

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

Audit Committee

At least one of the members of the audit committee of the Company (the "**Audit Committee**") has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company. The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the Code.

The Audit Committee currently comprises three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming, and the chairman of the Audit Committee is Mr. Chung Kam Kwong. The primary duties of the Audit Committee include the reviewing of the Group's financial reporting system and financial reporting integrity, the nature and scope of audit review as well as the effectiveness of the system of internal control and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the external auditor, and the reviewing and monitoring of the independence and objectivity of the external auditor. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. A copy of the terms of reference of the Audit Committee is available on the Company's website and the Stock Exchange's website. The Audit Committee shall meet at least twice a year.

During the year ended 30 June 2022, the Audit Committee held 4 meetings and all committee members were present at the meetings. The Audit Committee has reviewed with the management and the external auditor, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including the review of the Company's interim and annual financial statements before submission to the Board. The Group's financial statements for the year ended 30 June 2022 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 30 June 2022.

Nomination Committee

The nomination committee of the Company (the "**Nomination Committee**") currently comprises one executive Director, Mr. Chau Lai Him, and three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. The chairman of the Nomination Committee is Mr. Chau Lai Him. The role and function of the Nomination Committee is to review the structure, size and composition of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with due regard to the board diversity policy, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman/Managing Director and monitor the implementation of the board diversity policy and review such policy, as appropriate, to ensure its effectiveness. The Nomination Committee has established a specific written committee charter which deals clearly with its authority and duties. A copy of the terms of reference of the Nomination Committee is available on the Company's website and the Stock Exchange's website. The Nomination Committee shall meet at least once a year.

The Board has adopted the director nomination policy in compliance with the mandatory disclosure requirement under paragraph E.(d)(iii) of the Code pursuant to which the Company should disclose its policy for nomination of directors in the summary of work performed by the Nomination Committee in its corporate governance report.

The nomination process is summarised, as follows:

(a) Appointment of new Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(b) Re-election of Director at general meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During the year ended 30 June 2022, the Nomination Committee held one meeting and all committee members were present at the meeting. The Nomination Committee has determined the policy for the nomination of Directors, the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management.

Pursuant to the Bye-laws of the Company, all Director are appointed by the Board, whether to fill a casual vacancy or as an addition to the Board, shall hold office until the next annual general meeting at which time they must retire and be subject to re-election. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Bye-laws. The Bye-laws also allow for removal of a Director by an ordinary resolution.

The Board recommended the re-appointment of the Directors standing for re-election at the 2022 AGM. The Company's circular to be despatched to the Shareholders will contain detailed information of the Directors standing for re-election.

Remuneration Committee

The remuneration committee of the Company (the "**Remuneration Committee**") currently comprises three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming and the chairman of the Remuneration Committee is Mr. Chung Kam Kwong. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and the making of recommendations to the Board in connection with the remuneration of the non-executive Directors. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. A copy of the terms of reference of the Remuneration Committee is available on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once a year.

During the year ended 30 June 2022, the Remuneration Committee held one meeting and all committee members were present at the meeting. The Remuneration Committee has reviewed the remuneration packages of all executive Directors and senior management, assessed performance of executive Directors and senior management and made recommendations to the Board in connection with the remuneration of the executive Directors. Details of the emoluments of the Directors are set out in note 9 to the Financial Statements.

Whistleblowing Committee

The whistleblowing committee of the Company (the "**Whistleblowing Committee**") comprises the head of internal audit, and three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. The chairman of the Whistleblowing Committee is the head of internal audit. The terms of reference for the Whistleblowing Committee set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group. A copy of the terms of reference of the Whistleblowing Committee is available on the Company's website and the Stock Exchange's website. The Whistleblowing Committee shall meet at least once a year.

During the year ended 30 June 2022, the Whistleblowing Committee held one meeting and all committee members were present at the meeting. The Whistleblowing Committee will continue to review the Whistleblowing Policy to improve its effectiveness and employee confidence in the process and to encourage a "speak up" culture across the Group.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

(a) developing , reviewing and implementing the Company's policy and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(e) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(f) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 30 June 2022, the above corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.

COMPANY SECRETARY

The Company Secretary, Ms. Chan Kam Yee, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Managing Director, plays an essential role in the relationship between the Company and its Shareholders, assists the Board in discharging its obligations to Shareholders pursuant to the Listing Rules and has great role to play and ensure that the eco-system relating to financial reporting works.

During the year ended 30 June 2022, Ms. Chan has attended relevant professional seminars to update her skills and knowledge and has complied with the Listing Rules to take no less than 15 hours of relevant professional training.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the year ended 30 June 2022, complied with the required standards set out therein.

Share Interests of Senior Management

On 25 July 2019, the Company resolved to grant the share options to subscribe for a total of 53,800,000 shares to certain eligible persons under the 2012 Share Option Scheme. Among the 53,800,000 options granted, 43,000,000 options were granted to certain members of the senior management of the Company. During the year ended 30 June 2022, a total of 43,000,000 options (2021: Nil) were lapsed and no options were exercised and cancelled (2021: Nil).

Save for the Options granted, as at 30 June 2022, none of senior management of the Company (whose biographical details are disclosed on page 7 of this annual report) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board ensures the maintenance of sound and effective risk management and internal controls to safeguard the Shareholders' investment and the assets of the Company. It has been an important duty of the Directors to conduct a review of the effectiveness of the risk management and internal control systems of the Group annually or at any time when necessary. The review covers all material controls, including financial, operational and compliance controls, handling and dissemination of inside information and risk management functions, and takes into account the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group. The Board determines the nature and the extent of risks for achieving the Group's strategic objectives and has the overall responsibilities for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Company also has an internal audit function to assist the Audit Committee and the senior management to carry out analysis and independent appraisal of the adequacy and effectiveness of the systems periodically. It should be acknowledged that the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material loss or misstatement.

During the year ended 30 June 2022, the Company engaged an external independent consultant to conduct a review on the effectiveness of the risk management and internal control systems over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board has reached the conclusion that the Group's risk management and internal control systems were adequate and effective.

AUDITOR'S REMUNERATION

The Company's external auditor is BDO Limited. There has been no change in the Company's external auditors for the preceding three financial years.

During the year ended 30 June 2022, the remunerations paid/payable to BDO Limited for the provision of the Group's audit services and non-audit related services were HK$1,900,000 and HK$250,000 respectively (2021: HK$1,900,000 and HK$250,000 respectively).

BOARD DIVERSITY POLICY

The Board has adopted the new board diversity policy (the "**Board Diversity Policy**") in compliance with the mandatory disclosure requirements under paragraph J of the Code.

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Board currently contains a single gender board. The Board will endeavour to comply with the diversity requirement under Rule 13.92 of the Listing Rules in due course.

SHAREHOLDERS' RIGHTS

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include interim and annual reports, announcements and circulars.

The general meetings of the Company are primary forum for communication between the Shareholders and the Board. The Group encourages its Shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep Shareholders informed of the Group's strategy and goals. The Chairman of the Board, other Board members and the chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the Shareholders.

Any one Shareholder has the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration.

Procedures by which Shareholders may Convene a Special General Meeting

Pursuant to the Bye-laws of the Company, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene such physical meeting in accordance with the provisions of the Companies Act 1981 of Bermuda.

Procedures for Putting Forward Proposals at Shareholders' Meetings and Directing Shareholders' enquiries to the Board

Shareholders may at any time send their written requests, proposals, enquiries and concerns to the Company for the attention of Chairman of the Board or the Company Secretary whose contact details are:

Solartech International Holdings Limited
Unit 15, 18/F, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong
E-mail: enquiry@solartech1166.com
Tel no.: (852) 2796 1628
Fax no.: (852) 2799 9835

A copy of the Shareholders' communication policy of the Company is available on the Company's website.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "**Dividend Policy**") in compliance with the Code Provision F.1.1 in the Code as contained in Appendix 14 of the Listing Rules.

The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value and does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the following factors concerning the Group when considering the declaration and payment of dividends :

(a) financial results;

(b) cash flow situation;

(c) business conditions and strategies;

(d) future operations and earnings;

(e) capital requirements and expenditure plans;

(f) interests of shareholders;

(g) any restrictions on payment of dividends; and

(h) any other factors that the Board may consider relevant.

Furthermore, depending on the financial conditions of the Company and the Group and the conditions and factors set out above, dividends (including interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate) may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

The Dividend Policy stated above will be subject to review by the Board from time to time.

INVESTOR RELATIONS

The Company maintains a website at www.1166hk.com where information and updates on the Company's business developments and operations, list of directors and their role and function, constitutional documents, terms of reference of the Board committees, procedures for nomination of directors for election, Shareholders' rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

The Anti-Corruption Policy, Whistleblowing Policy and Board Independence Evaluation Mechanism have become effective since 8 April 2022 and their full text are also available on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.1166hk.com).

Save as disclosed in this report, there was no other significant change in the Company's constitutional documents during the year ended 30 June 2022.

Constitutional Document

With a view of (i) reflecting and align with changes to the requirements under Appendix 3 of the Listing Rules which took effect on 1 January 2022; (ii) providing the Company with more flexibility and providing Shareholders with the option of attending general meetings through electronic means; and (iii) incorporating certain housekeeping amendments, a special resolution for approving the amendments to the bye-laws of the Company (by adopting the amended and restated bye-laws) was passed at the special general meeting which was held on 31 May 2022. The full text of the new Bye-laws is available on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.1166hk.com).

OTHER RELATED MATTERS

In addition, the Company has adopted the following measures to align with the changes to the Code, which took effect on 1 January 2022.

(1) Anti-Corruption Policy

Under Code provision D.2.7 of the Code, the Board is required to establish an anti-corruption policy and system that promote and support anti-corruption laws and regulations.

The Board has adopted the anti-corruption policy (the "**Anti-Corruption Policy**") which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations.

The Anti-Corruption Policy sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries (collectively known as "**employees**"). It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the Anti-Corruption Policy.

Since 8 April 2022, the Anti-Corruption Policy has become effective and its full text is available on the website of the Company (www.1166hk.com).

(2) Whistleblowing Policy

Under Code provision D.2.6 of the Code, the Board is required to establish a whistleblowing policy and system foe employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee or any designated committee of the Company about possible improprieties in any matter related to the Company.

The Board has adopted the whistleblowing policy (the "**Whistleblowing Policy**") and has established the Whistleblowing Committee which comprises the head of internal audit, 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. The terms of reference for the Whistleblowing Committee set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group.

The Whistleblowing Policy aims to enable the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Whistleblowing Committee, about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

The Whistleblowing Policy and the terms of reference for the Whistleblowing Committee set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group.

Since 8 April 2022, the Whistleblowing Policy has become effective and its full text is available on the website of the Company (www.1166hk.com).

(3) Board Independence Evaluation Mechanism

Under Code provision B.1.4 of the Code, the Board is required to establish mechanism(s) to ensure independent views and input are available to the Board.

The Board has adopted the board independence evaluation mechanism (the "**Mechanism**") which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment to better safeguard shareholders' interests.

The Mechanism took effect on 8 April 2022 and its full text is available on the website of the Company (www.1166hk.com).

(4) Shareholders' Communication Policy

Under new Paragraph L of the Mandatory Disclosure Requirements which was upgraded from the code provision under the Code on 1 January 2022, the Board is required to conduct annual review of the shareholders' communication policy (the "**Shareholders' Communication Policy**") to ensure its effectiveness and make disclosure in CG report which is to be incorporated in annual report of the Company.

The full text of the Shareholders' Communication Policy is available on the website of the Company (www.1166hk.com).

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

The Company has prepared its Environmental, Social and Governance Report ("**ESG Report**") for the year ended 30 June 2022 in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**" or the "**Guide**") as set out in Appendix 27 to the Listing Rules.

The ESG Report of the Company for the year ended 30 June 2022 is set out on pages 38 to 60 of this annual report.

GENERAL

The Directors acknowledge their responsibility in preparing the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Company and in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 30 June 2022, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 61 to 66 of this annual report.

On behalf of the Board

Chau Lai Him
Chairman

29 September 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

(I) Purpose

In accordance with the requirements of The Stock Exchange of Hong Kong Limited (“**HKEx**”), listed companies are required to provide an Environmental, Social and Governance Report (“**ESG Report**”). This is our sixth ESG Report in reviewing and disclosing the Group’s vision, policies, management controls, and our performances and challenges, regarding environmental and social issues, for both internal and external stakeholders.

(II) Scope of Report

In response to market changes, the Group has stream-lined its operation and focused on its core business, namely (i) manufacturing and trading of cables and wires, (ii) trading of copper rods, and (iii) property investment. Each business segment of the Group has a different impact on the environment and society.

This ESG Report mainly includes data and activities of the two factory offices in Dongguan City, Guangdong Province, the People’s Republic of China (the “**PRC**”) (the “**Dongguan Factory Offices**”), unless otherwise stated.

(III) Basis of Preparation

This ESG Report is compiled in accordance with the ESG reporting guide contained in Appendix 27 – Environmental, Social and Governance Reporting Guide (“**Appendix 27**” or “**ESG Reporting Guide**”) of the Rules Governing the Listing of Securities on HKEx. The content of this ESG Report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A – Environmental and Area B – Social and further includes the disclosure of climate-change related issues, which have or may impact the Group.

This ESG Report, which has been reviewed and approved by the board of the Company (the “**Board**”), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance, and consistency to disclose relevant statistics and information. The ESG Report was compiled in compliance with the “comply or explain” provisions in the ESG Reporting Guide.

(IV) Reporting Period

This report is for the period from 1 July 2021 to 30 June 2022 (the “**2022 Reporting Period**”).

(V) Corporate Goals and Visions

The Group’s vision continues to be a leading manufacturer and high-quality provider of electric cables and wires, and copper rods both in the PRC and worldwide. We are committed to providing these products with a reasonable return on investments to our shareholders, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees.

(VI) ESG Management

Throughout the 2022 Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period (from 1 July 2020 to 30 June 2021, the "**2021 Reporting Period**"). The Board of the Group is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and maximization of interests and benefits of investors and stakeholders. The Group's visions and goals, and the ESG management policy and approach, can be summarised in the following statements:

1. The Group is committed to be successful in all our businesses, bringing returns to our investors and supporters, providing a healthy and safe working environment to our employees and helping to provide sustainable developments of the local communities and the Group.

2. The Board from time to time approves and updates strategies and policies which address the related environmental and social issues contained in the ESG Reporting Guide. The Board has assigned each subsidiary to implement ESG policies in accordance with their respective operations and activities. Through their normal and routine channels, all subsidiaries report directly to the Group's Managing Director, who has the overall responsibility to ensure that the Board's approved strategies and polices are implemented. The subsidiaries are responsible for exploring and developing Key Performance Indicators ("**KPIs**") where appropriate and necessary in accordance with the Group's policies and goals.

3. It is the duty of the Group's Managing Director and the management team to examine and address all the environmental and social issues detailed in the aspects and areas in the ESG Reporting Guide.

Overall, the Group takes an active role in ensuring sustainable, environmentally friendly and socially harmonizing productions and operations by employing various measures which are compliant with relevant laws, operating practices and standards. The Group continues to uphold our established environmental friendly and socially sustainable and equitable management system. The adoption and application of the Quality Management System (ISO 9001:2015) has proven to be effective in ESG management.

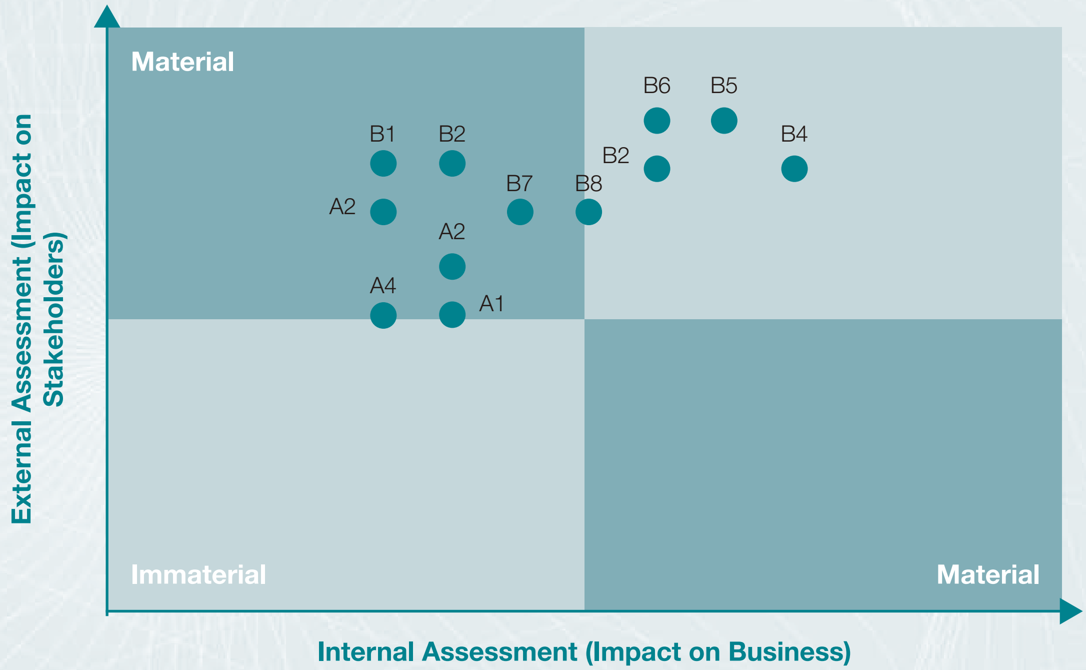
(VII) Stakeholders Communications and Materiality

The Group is committed to be a socially responsible corporation through constant interaction with stakeholders and taking into account of their interests and benefits. We have been building the Group as an open, transparent and fair enterprise with due consideration of the environmental and social responsibilities with its business objectives. We have also been working towards achieving long-term sustainable growth of our business while safeguarding stakeholders' interests. The Board has taken into account the listed environmental and social areas and aspects in the ESG Reporting Guide which are significant considerations for its business planning and operation, and has integrated those environmental and social considerations into its business objectives, strategies and practices.

In managing the priorities, the Group continues to ensure its corporate, cable and wires and copper rods manufacturing and trading operation are in compliance with their environmental and social responsibilities, and obligations as required by the ESG Reporting Guide and the laws and related regulations of the Hong Kong Special Administrative Region ("**Hong Kong**") and the PRC. The Group also continues to take into account of the opinions and views of its stakeholders including shareholders, investors, employees, customers, suppliers, service providers, professional advisors, non-governmental organization ("**NGO**") partners and industry associations, and strives to address their concerns. It is the duty of the Managing Director and related frontline managers to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material areas and aspects during the 2022 Reporting Period.

Stakeholders	**Communication Channels**
Shareholders/Investors	• General meetings • Information published on websites of the Group and the HKEx • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Emails • Annual and regular appraisals • Organised functions and activities for the employees
Customers	• Day-to-day communication through frontline staff • Emails • Official website
Suppliers/Service providers/ Professional advisors	• Day-to-day communication through frontline staff • Regular review of the signed arrangements by the management
NGO partners	• Volunteer activities • Sponsors and donations
Industry associations	• Participation in annual and regular meetings, conferences, events, etc.

Through regular communications with stakeholders and reviewing of the information collected, the Group has identified the following ESG material areas and aspects indicated in the following table:



Subject Areas		Subject Aspects
Environmental		A1. Emissions
		A2. Use of Resources
		A3. Environment and Natural Resources
		A4. Climate Change
Social	Employment and Labour Practices	B1. Employment
		B2. Health and Safety
		B3. Development and Training
		B4. Labour Standards
	Operating Practices	B5. Supply Chain Management
		B6. Product Responsibility
		B7. Anti-corruption
	Community	B8. Community Investment

The Group has managed them strictly in accordance with the established management structure, process, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Environmental Protection;
- Climatic Change;
- Employment Fairness;
- Working Condition and Safety;
- Raw Materials Supply and Procurement;
- Quality of Products and Services Especially on Manufactured Wire Cables;
- Ethical Management and Anti-corruption; and
- Community Support.

The ESG issues, performances, and the related KPIs during the 2022 Reporting Period, especially on the above material areas and aspects, continue to be monitored and managed through the Group's approved management structure and process. With an allocation of adequate resources to implement the approved strategies, policies and measures, the Group has honoured its environmental and social obligations and responsibilities especially on the above material areas and aspects during the 2022 Reporting Period, which are summarised below.

MATERIAL AREAS AND ASPECTS AND THEIR PERFORMANCES

(A) Environmental Areas and Aspects

1.1 Environmental Areas Overview and Policies

The Group's main environmental target has always been environmental protection with sustainable development in relation to its ongoing business activities and operations. The Group has continued to implement policies and taken measures to ensure our activities and operations to be energy, water and resources saving, and to prevent pollution, reduce wastes and minimise the negative impacts on and harmonise with the environment. During the process of formulating the environmental policies and measures, all activities and operations likely to cause environmental impact or impact on general sustainability such as the use of energy, water, raw materials and other natural resources, air emissions, water discharge and waste disposal have been considered. The Group has also actively assumed social responsibilities to reduce pollution through installation of the latest production equipment. The Group has compiled with all the national and local environmental laws, rules and regulations, and been issued with the Pollutant Discharge License of Guangdong Province (License No.: 粵莞排(2020)字第1100558號) since September 2020. All of our employees have been made aware of their responsibilities and respective roles in conserving natural resources and protecting the environment.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group was not subject to any confirmed cases for breaching environmental legislations or receiving complaints from any government environmental agencies and local communities in relation to emission and waste discharges or other environmental issues that could have an adverse impact on the local environment.

1.2 Environmental Aspects

A1: Air Emissions, Polluted Water and Waste Discharge Aspect

During the 2022 Reporting Period, same as the 2021 Reporting Period, the types of emissions, wastes and discharges from the Group's activities and operations were mainly air pollutants, indirect greenhouse gas ("**GHG**"), mainly carbon dioxide ("**CO_2**") emissions from electricity consumption, polluted water discharge from factories and office employees' daily hygiene consumption, and non-hazardous packaging wastes.

(i) Indirect Greenhouse Gas Emissions

Same as the 2021 Reporting Period, indirect emission of namely GHG-CO_2 through the use of electricity for powering plastic extruding and injection machines for manufacturing of electric cable wire and the offices remain to be the main source of gas emissions for the 2022 Reporting Period.

The table below recorded and compared the 2022 Reporting Period and the 2021 Reporting Period's resultant air pollutant emissions:

		Year ended 30 June		
Items of emissions[(1)]	**Unit**	**2022**	**2021**	**Changes**
CO_2 indirect emission				
– Dongguan Factory Offices[(2)]	Tonnes	1,837.59	8,280.53	-77.81%

Note 1: Emission factors for calculations in this ESG Report were made reference to the "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Note 2: Emission factors for purchased electricity are based on the "2019年電網平均二氧化碳排放" derived on 中國產品全生命週期溫室氣體排放系數庫.

Compared to the 2021 Reporting Period, the significant decrease in indirect CO_2 emission of approximately 77.81% in the 2022 Reporting Period was due to the decrease in electricity consumption.

In the coming year, the Group targets to reduce 1–2% indirect CO_2 emission performance in the Dongguan Factory Offices, by implementing various environmental initiatives stated in *Section A2(i)*.

(ii) Direct Hazardous Air Emissions (as a result of gas and fuel consumption)

For our copper rod and wire manufacturing business, the recycling of copper scrap will directly produce GHG-CO_2 emissions, as well as hazardous gases such as nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particular matters ("**PM**"), and CO_2 through the use of fuel and gas. These direct hazardous gases will be captured and treated in a capsulated collecting system before being discharged through an exhaust stack of 20m in height. During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group did not receive any complaints or warning notice from relevant environmental agencies or local community on our direct hazardous emissions.

(iii) Waste Water Discharge

Same as 2021 Reporting Period, cooling water used in our manufacturing processes is the main source of the Group's waste water discharge. By adopting a close circulating system, most of the cooling water will be reused with minimal wastage or discharge. Waste water is also generated from dormitories, canteens and offices for hygiene uses of employees, whom are constantly reminded to avoid unnecessary wastage.

(iv) Hazardous and Non-Hazardous Wastes

The Group continued with its natural and pollution-free philosophy in its business where possible and has adopted the 3-R principle – to reduce, reuse and recycle. All employees are constantly reminded to adopt the 3-R principle in their handling and using of the resources.

Consideration is given to recycle and reuse in the various processes and stages of production. Procedures are in place for properly sorting out and storing the unused materials for resale or reuse. For example, copper is a major raw material input in our business and copper wire bits have a very strong resale value in the market so all copper cable wastes generated as a result of the manufacturing processes are stored up for resale.

During the 2022 Reporting Period, which is the same as the 2021 Reporting Period, the amount of hazardous wastes generated from our manufacturing operations was insignificant and posed no material impact to the environment. Non-hazardous wastes are generated from both production operations and non-production operations. Non-hazardous wastes generated from the production processes are mainly packaging materials – wood and paper used in our manufacturing operations. An insignificant amount of non-hazardous materials is also generated from non-production areas such as supporting offices, dormitories and canteens. All such wastes are collected and disposed of by external waste collectors. In the coming year, our policies will continue, and we expect our non-hazardous wastes will continue to be insignificant and handled properly.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group did not have any violation related to hazardous or non-hazardous wastes.

(v) Noise and Light Emissions

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group's operations and activities did not generate any noises and light emissions affecting the neighbour and the local community, and no complaints nor warning notices were received.

A2: Use of Resources

The Group continued with its objectives and policies to promote the conservation of resources and has implemented various energy, water and packaging materials saving measures in order to improve the performance of the conservation of resources and achieve operational optimization while complying with the relevant national laws and regulations. The Group has implemented guidelines and instructions on the efficient use of resources for office administration, factory production and general living of our employees. Our employees have also been constantly reminded to use our resources efficiently to avoid unnecessary wastage.

(i) Energy – mainly electricity

Electricity is used mainly for operating the factory premises and the production equipment and employee dormitories in the PRC.

The table below recorded and compared the 2022 Reporting Period and the 2021 Reporting Period's resultant electricity consumption:

		Year ended 30 June		
Electricity Consumption	**Unit**	**2022**	**2021**	**Changes**
– Dongguan Factory Offices	kWh	4,114,625.00	10,453,900.00	-60.64%
Intensity (kWh/employee)		10,972.33	22,101.27	-50.35%

In the 2022 Reporting Period, the Group has outsourced one of its production processes, resulting in a significant decrease in electricity consumption compared to the 2021 Reporting Period.

To save energy, the Group has continued with its energy saving measures to supervise and encourage employees to use resources efficiently and in an environmentally friendly manner such as:

– Lights and equipment must be turned off if not in use;

– Duty employees will inspect the factories and offices to ensure all unused equipment and systems will be turned off before factories and offices closed;

– Maintaining work environments at pre-determined and energy efficient temperatures; and

– Encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow.

The Group continues to invest in energy saving tools and equipment such as LED lights.

In the coming year, the Group aims at a zero growth on its electricity consumption under a normal operational environment and continuing of its stringent control of electricity consumption.

(ii) Water

For water, the main consumption comes from the domestic dormitory use of the resident workers. The Group again requests the employees to use water smartly and responsibly. Inspectors have been assigned to ensure no unwarranted use and waste. In addition, as a means to monitor usage, special meters have been installed to record the water usage pattern. The Group is also exploring the possibility of installing solar panel systems for providing hot water for domestic use.

Local city municipal supply is the only viable water source available to the Group as far as our production processes and household uses are concerned.

The table below recorded and compared the 2022 Reporting Period and the 2021 Reporting Period's resultant water consumption in Dongguan Factory Offices:

		Year ended 30 June		
Water Consumption	**Unit**	**2022**	**2021**	**Changes**
– Dongguan Factory Offices	m^3	33,066.00	78,677.00	-57.97%
Intensity (m^3/employee)		88.18	166.34	-46.99%

During the 2022 Reporting Period, the Group is continuously checking and rehabilitating aged underground water mains to reduce water loss. On the other hand, the Group has outsourced one of its production processes during the 2022 Reporting Period, resulting in a significant decrease in water consumption compared to the 2021 Reporting Period.

For the coming year, the Group targets to continue the decreasing trend and to achieve an overall reduction of fresh water consumption by 1–2% under normal operating conditions.

(iii) Packaging Paper and Plastic Raw Materials

For packaging paper and plastic raw materials, the Group has continued the policy of giving priority to the use of recycled papers and plastic wraps. Any used packaging materials and scraps will be collected and sold as used and scrap materials to recycling and waste operators. While in our offices and factories, the Group has continued to encourage the office staff and factory workers to reduce paper consumption as much as possible through the use of electronic tools such as emails, messages and universal serial bus storage to replace paper files, sketches and letters; to print paper on both sides; and to use recycled paper. During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group's activities and operations do not consume significant amounts of paper and packaging materials and posed no material impact to the environment. During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group did not find any abnormal or excessive consumption of printing paper and packaging materials.

A3: Environment and Natural Resources

Continuing the vision and policies of working towards a responsible corporation, the Group is committed to conserving resources in order to reduce its impact on the environment as well as saving operational costs. As reviewed above and reported in previous ESG reports, the Group's core operations and activities mainly use electricity, water, packaging papers and plastic raw materials, which will have impacts on the environment if they are not properly managed. The Group has complied with all the national and local environmental laws as well as industrial environmental standards, and has cooperated with the local government agencies and supports environmental organizations' activities to build a "green" environment. At the same time, the Group has exercised due diligence and care in setting up its management structure and process, rules and regulations to ensure that natural resources are correctly and efficiently used without wastage or destruction. On the implemented measures as laid down in our various operation rules, regulations and manuals, the focuses are to reduce, reuse and recycle those natural resources as far as possible. The Group has also implemented green purchasing practices and best practice technologies to conserve natural resources where applicable.

As a summary, during the 2022 Reporting Period, same as the last few reporting periods, the Group has taken a totally responsible approach to implement policies and measures on electricity, water, packaging paper, raw plastic materials consumption, GHG-CO_2 emissions, waste water and general waste discharges. The Group was not subjected to any warnings, fines or violation notices, and was in compliance with all applicable environmental protection laws and regulations in all material aspects since the first ESG reporting. The Group will continue to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

A4: Climate Change

Climate change is mainly caused by the release of CO_2 into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for transportation. As the world transitions to a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this.

As listed in the sections headed "Stakeholders Communications and Materiality" and "Material Areas and Aspects", the Group fully aware that stakeholders expect us to manage and mitigate climate change risks. In light with the current global environmental conditions and the Group's operations and activities, the Board identifies that global warming and reduction on electricity, water and paper packaging material will be the most important and immediate areas that may impact the Group and the environment. These three areas will not only affect the operation costs of the Group, they will also impact directly or indirectly on the global environmental conditions, and the Group should tackle them for the purposes of combating climate change and reduce the operation costs in the future.

(i) Indirect GHG-CO_2 Emission

As explained above, during the 2022 Reporting Period, the Group indirectly emitted GHG-CO_2 through electricity consumption for its operations and production. The Group has already implemented extensive policies and measures to reduce the use of electricity throughout the factories, employee dormitories and office. With a reduction in electricity consumption, less energy will be required, and less fossil or crude oil fuel will be used by the power plants, and less GHG-CO_2 will be generated accordingly. The Group will also continue to invest in more energy efficient processes and equipment in the near future.

(ii) Water

As explained above, during the 2022 Reporting Period, the Group has already taken measures to supervise and encourage employees to use water more efficiently in order to reduce its consumption for the purpose of conserving water, which will possibly bring back a balance to the global atmospheric condition.

(iii) Paper packaging Materials

As explained above, during the 2022 Reporting Period, the Group has already implemented policies and measures to reduce papers and to use recycled papers as far as possible, which will directly reduce the cutting of trees. The Group at the same time has supported low-carbon activities and activities to re-grow the forest, which is the main tool to reduce carbon directly to curb global warming.

For the 2022 Reporting Period, the Group's business operations and activities did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group has already taken measures to lower indirect GHG-CO_2 emission, and to reduce water and paper and paper-related packaging materials usage with a wish to curb global warming. The Group will continue with such policies and measures for the coming year.

(B) Social Areas and Aspects

2.1 Social Areas Overview

As stated in the section "Corporate Goals and Visions", the Group is committed to conducting business in a socially responsible way and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and governing authorities. While formulating ESG strategies and policies, the Group has already taken into account of its short and long term corporate development goals, the benefits to the stakeholders and sustainable development of the society and the environment.

Pursuant to the ESG Reporting Guide, social areas and aspects including employment and labour practices, operation practices and community investment, and the Group's performance in these areas are reported below:

2.2 Employment and Labour Practices Areas and Aspects

The Group always treasures and regards its employees as one of the most valuable assets for its sustainable development and growth. It has therefore committed to strictly complying at all times with all the relevant laws, rules and regulations on employment, i.e. the Labour Laws of the PRC and the Employment Ordinance ("**Employment Ordinance**") of Hong Kong (Chapter 57 of the Laws of Hong Kong), and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employee-oriented policies to promote motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees.

The Human Resources Department has been delegated with the responsibilities to implement the employment and related policies, rules and regulations, which are summarised and laid out in its employee handbook and employment contracts.

B1: Employment

Since the Group's establishment, it has continued with its employee-oriented employment policies and practices throughout, which include the following main features:

- Owing to the existence of operation bases and activities in different regions, the Group has set up the human resources department headquarters in Hong Kong, whose responsibilities are reviewing and approving the Group's human resources policies, and employment terms and conditions, while the regional offices' human resources managers implement the approved policies and measures in compliance with the local employment laws, rules, regulations and practices;

- The regional human resources managers report to the regional general managers and have been assigned with the responsibility to implement the Group's human resources strategies and policies, and to ensure all the statutory obligations of the Group have been fulfilled and are complied with;

- Adopt a humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment;

- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an employee handbook, containing all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfare etc.;

- In accordance with the requirements of the national laws of the PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on Housing Provident Funds (住房公積金管理條), and the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance ("**MPFSO**") (Chapter 485 of the Laws of Hong Kong) of Hong Kong, the Group provides and maintains statutory benefits to all qualified employees, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays;

- On recruitment, the Group has adopted a mixed policy of external recruitment and internal promotion for vacancies. All vacancies are open to all with equal opportunities, no discrimination on sex, religion, gender, age and disability, and to be selected on a qualification, skill and competency basis;

- Employment of child labour and forced labour is strictly forbidden;

- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for employees will be rewarded at the discretion of the top management with consideration on performance; and

- Provide a safe and pleasant working environment to our employees.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group has complied with all the employment laws, rules and regulations of the PRC and Hong Kong, and has honored all its obligations to employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits. There were no wage disputes or complaints, breaches of the labour laws or labour disputes recorded.

Pursuant to the ESG Reporting Guide, the Group's employment situation for 2022 Reporting Period and 2021 Reporting Period are analyzed and summarised in below:

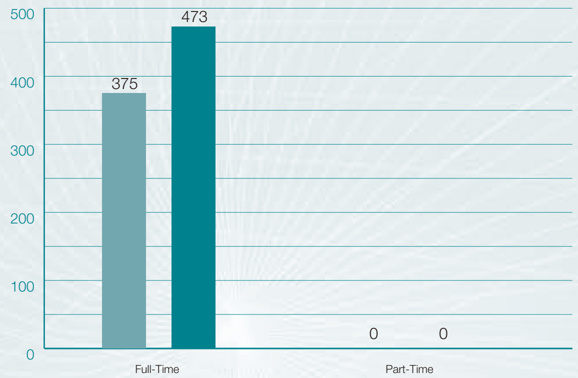


Figure 1: Number of Employees by Employment Type

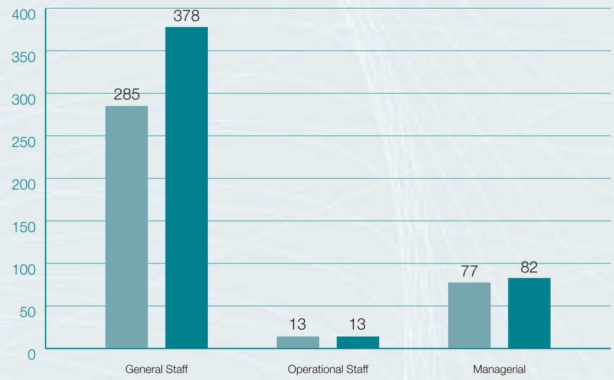


Figure 3: Number of Employees by Employment Category

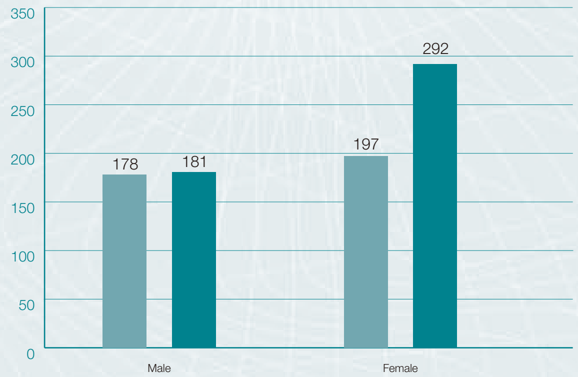


Figure 2: Number of Employees by Gender

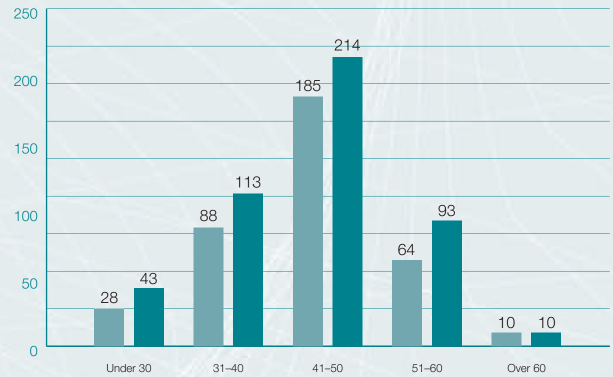


Figure 4: Number of Employees by Age

As for the employee turnover rate, an analysis of the Group's employee turnover rate breakdown for the 2022 Reporting Period is summarised in below:

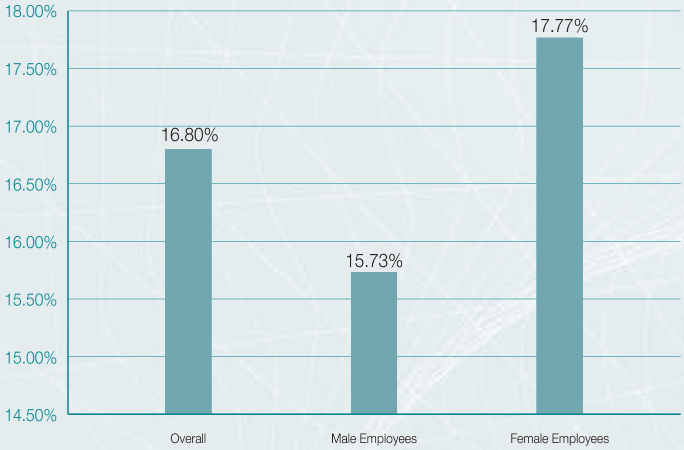


Figure 5: Employment Turnover Rate by Gender

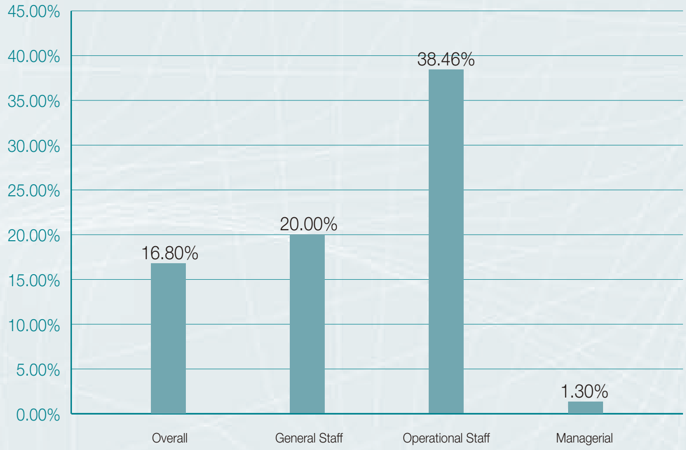


Figure 6: Employment Turnover Rate by Employment Role

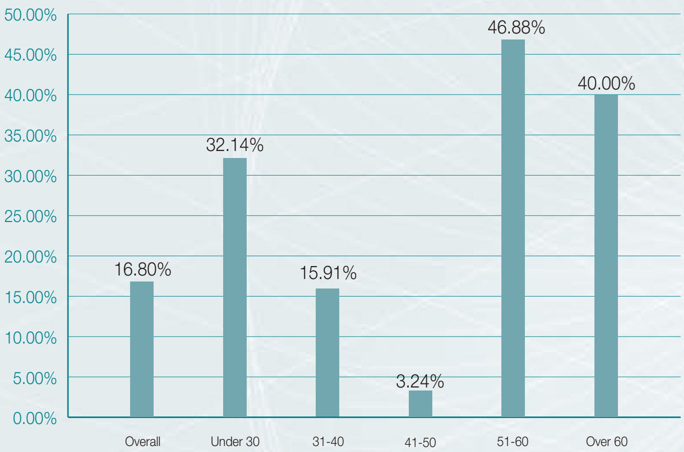


Figure 7: Employment Turnover Rate by Age

From the above information, it can be summarised that the Group has a stable work force, a diverse gender amongst employees and a high number of experienced staff.

During the 2022 Reporting Period, the employee turnover rate increased slightly due to the outsource of a production process by the Group during the year.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group did not have any incidents of non-compliance with relevant employment laws and regulations nor any labour disputes.

B2: Health and Safety

Given the nature of the Group's business in the manufacturing of metal products, and being a responsible employer, the Group emphasises that the health and safety of employees are its primary concern. The Group has implemented and continued with its employee-oriented human resources policies, and at all times provides a safe and healthy working environment in its office, especially its factories to prevent employees from injuries and accidents, and to minimise the risk of any occupational hazards. The Group has taken the following health and safety measures to protect its employees:

- Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations;

- Requires all employees to strictly comply with the health and safety policies, rules and regulations, including the Occupational Safety and Health Ordinance ("**OSHO**") (Chapter 509 of the Laws of Hong Kong) and the Employees' Compensation Ordinance ("**ECO**") (Chapter 282 of the Laws of Hong Kong) of Hong Kong, and the Labour Laws of the PRC and has constantly reminded the employees to perform their tasks under safety conditions;

- Takes occupational health and safety as one of our prime responsibilities, and constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment;

- In-house rules stipulate that whenever injuries or accidents occur, regardless of minor or serious incident, the employees must notify the superiors immediately who will then take appropriate measures to ensure safety is not compromised, and in all circumstances ensure that incidents are promptly and properly dealt with and reported in accordance with the local or national laws as appropriate;

- The Group has assigned safety officers to regularly inspect and to educate employees on taking precautionary measures to ensure that the workplace is safe. Regular health and safety trainings have been provided to employees to assist them to perform their jobs safely; and

- Insures all qualified employees in both the PRC and Hong Kong with medical insurance in accordance with the statutory requirements of the two places.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group has equipped its factory operations with all the required safety equipment and facilities and there was no adverse comment by the law enforcing authorities during their inspections and no prosecution case was reported.

The Group had zero work-related fatalities in the past three years including the 2022 Reporting Period in any of our operations. During the 2022 Reporting Period, same as the 2021 Reporting Period, zero lost days due to work-related injuries was recorded, nor any claimed disputes on employees compensation or investigation by any government agencies.

Regarding work injury and accident, there were 6 light injury cases of bruising during the 2022 Reporting Period (For 2021 Reporting Period: 5 cases), no serious injuries, or incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards which could have a significant impact on the production operations or businesses of the Group. The injuries had been well taken care of immediately after their occurrence, and no disputes or claims arose thereafter. The low injury and accident rates during the 2022 Reporting Period as well as the 2021 Reporting Period reconfirms that the Group's health and safety policies and measures and its continuous attention to set up a safe environment was effective.

B3: Development and Training

As aforementioned, the Group values its employees as one of its most valuable assets, it has always supported means to enhance employees' value by regularly providing them with development and training programs in terms of skills and job knowledge, plant operation and production know-how at various levels, so that they are able to perform their required job duties in a competent and capable manner without risk to their health and safety or damage to plants and operations.

Employees are encouraged to engage in self-development by taking external training programs and seminars which are sponsored by the Group in part or whole. Broadly speaking, the Group has continuously and regularly provided 2 types of training:

(i) Induction and on-the-job training – Induction training is provided to new recruits to enhance their understanding of the Group's history, organization structure, work environment, regulations, responsibilities and duties, working skills, safety operation, and career development plan etc. Whereas on-the-job training is provided to permanent employees with an aim to improve their career development and skills for performing their required job duties in a more competent and capable manner and without risking their health and safety.

(ii) External specific skills and knowledge training – it is provided normally to middle and senior management executives aiming at enhancing their technical, management and professional skills and ability.

Below is the breakdown of the percentage of employees trained during the 2022 Reporting Period and 2021 Reporting Period by gender and employment role:

	Internal	External
Total employee trained		
2022	100.00%	–
2021	100.00%	–
% of employees trained by gender		
Male		
2022	47.47%	–
2021	38.27%	–
Female		
2022	52.53%	–
2021	61.73%	–
% of employees trained by operational role		
Managerial		
2022	20.53%	–
2021	17.34%	–
Operational		
2022	3.47%	–
2021	2.75%	–
General		
2022	76.00%	–
2021	79.91%	–

Below is the breakdown of the hours of training undergone by the Group's employees during the 2022 Reporting Period and 2021 Reporting Period by gender and employment role:

	Internal	External
Average training hours per employee		
2022	2.48	–
2021	2.00	–
Average training hours by gender		
Male		
2022	2.48	–
2021	2.00	–
Female		
2022	2.48	–
2021	2.00	–

	Internal	External
Average training hours by operational role		
Managerial		
2022	2.48	–
2021	2.00	–
Operational		
2022	2.48	–
2021	2.00	–
General		
2022	2.48	–
2021	2.00	–

B4: Labor Standards

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group continued with its cornerstone policy of strict compliance with the Labour Laws of the PRC and the Employment Ordinance, and adopted their respective standards as the minimum standards on employment and labour protection and welfare. The Group adhered to the laws of the PRC and Hong Kong as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits as well as equal employment opportunities to all sex, age, race and religion. The Group acted strongly against and banned all child, illegal and forced labour.

All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. As a legal obligation and for better management, the Group has kept the private files of the employees on confidential basis and in safe custody for record, future reference and government inspection.

The human resources department is charged with the responsibility of overseeing labor compliance. Heads of the factories are also responsible for ensuring that all labor protection and welfare obligations of their operations are complied with and any breaches of statutory compliance are brought to the attention of the Group's Managing Director in Hong Kong.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group honored all of its obligations towards employees and no disputes or litigations on labour matters were reported. There was also no child and forced labour case reported. The Group is confident to maintain this good track record for the coming year.

2.3 Operation Practices Areas and Aspects

B5. Supply Chain Management

Supply chain management in the ESG Reporting Guide mainly refers to the management of sourcing and procurement. The Group's main purchases for the office and the factories have not changed much over the years and include routine stationery supplies and utensils for the office, and raw materials such as copper sheet and wire, rubber, plastic, packaging materials, replacement spare parts etc., for factories.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group continued to implement a detailed supply and purchase management system adopting different approval authorities at different hierarchy levels of the management team. The Purchase Manager, Finance Director and Managing Director form the execution and supervision purchase chain at different monetary levels. Each level is accountable to the one above on their monetary limits they are authorised to purchase. All capital expenditure purchases have to be authorised and approved by the Hong Kong headquarters. All purchase transactions must be submitted to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

To ensure a fair and equitable, quality assured, and cost-efficient supply chain, the Group has implemented clear procurement management rules and guidelines and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment. The Group selects suppliers based on a set of criteria, which includes (i) ability to meet specification and standards, (ii) products and services quality, (iii) pricing of the products and services, (iv) delivery reliability, (v) green specifications of the products supplied (if applicable) and (vi) track records of the suppliers' business relationships with us and others in the industry and their committed compliance to laws, rules and regulations. The Group maintains a list of approved suppliers and will invite 2 to 3 suppliers to tender for purchases for a reasonable order size in order to obtain the optimal offer and to eliminate any chance of malpractice.

During the 2022 Reporting Period, same as the 2021 Reporting Period, owing to the special nature of our raw materials – copper sheets and wires, rubber and plastic, the Group had to purchase from both local and overseas suppliers, whomever offered the best prices.

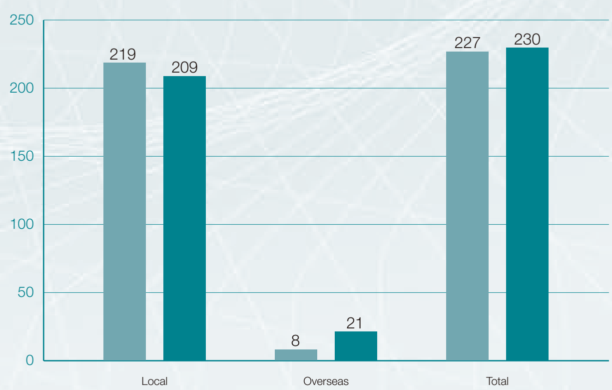


Figure 8: Number of Suppliers by Geographical Location

All general purchases are placed with reliable local suppliers as far as possible so as to reduce carbon footprint and to support the local economy. When items or services are purchased for special use, the purchasing officers must ensure that the supply of services or goods are fit for purpose and meets our specification before price becomes a consideration. Owing to effective management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business. The Group expects that its purchase policies and pattern will likely to be continued in the coming year.

B6: Product Responsibilities

The ESG Reporting Guide stipulates that there are four major sub-aspects on product responsibilities: product quality and safety, customer services and complaints handling, intellectual property rights and privacy, which the Group's internal control process, employee rules and regulations and contracts already have clear guidelines and rules to deal with.

(i) Product quality and safety

The Group has continued with its quality guarantee policy and taken all reasonable steps to ensure that the goods produced are safe and harmless to its consumers, meeting all agreed or legally required standards for consumers health and safety, including health warnings, product safety and information labels. It is because the Group firmly believes that with a high quality and safety standard of its products, it can retain the customers and expand market share. The Group has obtained The Quality Management System (ISO 9001:2015) which ensures that its products pass through strict quality control processes and meet with approved quality standards. The Group has trained Quality Controllers to examine the quality and safety of its products from the first stage of raw material purchases, to regularly inspect goods during the production and sale processes and ensure that the processes are in total compliance with both internal and external quality and safety assurance codes. The Group has also committed to investing in plant and equipment for high end production technology, quality and safety to maintain its competitive edge. The Group has also fostered close relationships with its business peers to keep abreast of the latest product development and knowledge.

During the 2022 Reporting Period, the Group's cable wire sales recorded about 0.23% (For 2021 Reporting Period: 1.90%) product returned for quality reason, which is lower than the industry norm. No health warnings or below quality and safety comments from the Consumer Council, marketing agencies or relevant government authorities on the quality and safety of its cable wire products was ever received. The Group has the confidence to continue the quality control processes to ensure its products will always be of the highest quality and safety standard in the coming years.

(ii) ***Customer Services and Complaints Handling***

The Group has clear policies and procedures to ensure that all customer complaints or concerns are addressed to the appropriate levels in a timely manner. In its sales contracts, there are clear clauses specifying its responsibilities under quality issues. The sales department is responsible for handling all sales complaint issues. Standing arrangements are also in place for an independent third party to adjudicate on any unresolved disputes between the sales department and the client. Consequential remedial actions will be taken promptly and in a responsible manner.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the established complaints handling routes and channels have functioned well and the Group did not experience serious sales complaints which led to disruption of its manufacturing processes.

(iii) ***Privacy***

As reported in the previous reporting, the Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operating status and financial positions, commercial terms of contracts, general background information, etc. These types of information are extremely sensitive and important, and by law, have to be cautiously safeguarded and protected. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information against unauthorised access, use and disclosure through a variety of security technologies and procedures. All employees are trained to handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law. The Group has incorporated the confidential clause into the staff handbook and employment contract, under which all employees are obligated to follow. Legal action will be taken against any violation.

During the 2022 Reporting Period, same as the 2021 Reporting Period, the Group did not receive any complaint on any breach of privacy or leakage of information. Given its existing internal control and technical control process, the Group is confident that confidential information will not be accessed and leaked out easily.

(iv) ***Intellectual Property Rights***

Apart from the Group's company logo and name, which has been registered with the China State Administration for Industry and Commerce, the Group's business operation involves no intellectual property right issues. The Group however respects intellectual property rights and has practiced in its daily operation such as its installation of original software in its computers to avoid vulnerabilities and legal disputes arising from software copyright.

During the 2022 Reporting Period, and same as previous few years, the Group did not receive any reports or cases of any intellectual property rights infringement.

B7: Anti-Corruption

As disclosed in the above introduction section, the prevention of bribery, extortion, fraud, and money laundering is a material aspect to all the stakeholders. The Group is well aware of the importance of honesty, integrity and fairness in its business operations and has therefore in place an anti-corruption policy which involves comprehensive internal control system comprising corruption reporting, whistle-blowing and investigation procedures, and has adopted a zero-tolerance approach to those corruptive and fraud crimes since establishment. In daily operations, the directors, management and staff must comply with relevant laws and regulations on prevention of bribery, extortion, fraud and money laundering. With the implementation of clear policies and well-structured processes on purchases, sales, operations and finances, and the adoption of a high code of conduct especially in our senior management, all employees have responsibility not only to understand but also to comply with the above regulations and any person, who violates the regulations, will be subject to disciplinary sanction. Employees at all levels have been constantly reminded of and advised in meetings and documents, such as the staff handbooks and Employment Contracts, on anti-corruption, conflict of interest and giving and taking of interests. Transactions in large monetary sums are processed through bank transfers which require authorised signatories at the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate.

Since the commencement of the ESG reporting and during the 2022 Reporting Period, there were no complaints and legal cases of corruption against the Group or its staff, and the Group is confident to achieve a similar clean result in the future.

B8: Community Investment

The Group strives to implement corporate social responsibility to make continuous contributions to the building of a cohesive and caring society. The Group seeks to foster employees' sense of social responsibility, thus encouraging and sponsoring them to participate in charitable activities and devote their spare time to helping the needy. Furthermore, the Group supported the local communities by prioritising its purchases with the local suppliers. The Group continues to encourage and educate all our employees to participate in environmental protection activities.

The Group continued to provide 375 jobs, mostly to the low-skilled village and city workers, and training to enhance their skills in the 2022 Reporting Period. Finally, the Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and polluted water and wastes discharges.

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To the Shareholders of Solartech International Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Solartech International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 67 to 160, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment assessment of intangible asset – mining right

Refer to Note 18 to the consolidated financial statements.

Key Audit Matter

As at 30 June 2022, the carrying value of the Group's mining right included in intangible assets, before impairment assessment, amounted to HK$557,589,000. In view of the decrease in copper price from approximately US$9,400 per ton at beginning of the year to approximately US$8,200 per ton at the end of the year. In addition, as a result of the continuously lockdown policy imposed in Mongolia, the Group's mining plan is further delayed. Management considered that there were indicators of impairment of the Group's mining right.

Following a detailed impairment review of the Group's cash-generating unit related to the mining right (the "**Mining CGU**"), management has estimated that an additional impairment loss on mining right of HK$70,769,000 for the year ended 30 June 2022.

This conclusion was based on a calculation of recoverable amount that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the model.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Evaluating the appropriateness of the model used by management to calculate the fair value less cost of disposal of the Mining CGU;

(ii) Assessing and challenging the reasonableness of the key assumptions such as forecast commodity price, discount rate and country specific risk rate used including agreeing them to external market data;

(iii) Reviewing and assessing the appropriateness of mining based assumptions, including recovery rates and ore grades;

(iv) Challenging management's sensitivity analysis on key assumptions;

(v) Evaluating the competence and objectivity of management's expert who assisted in determining the recoverable amount;

(vi) Assessing the appropriateness of the related disclosures included in Note 18 to the consolidated financial statements; and

(vii) Utilising our own valuation specialists' work when considering the appropriateness of the methodology and assumptions adopted in the calculation.

Impairment assessment of interests in associates and interests in joint ventures

Refer to Note 21 and Note 22 in the consolidated financial statements.

Key Audit Matter

As at 30 June 2022, the carrying values of the Group's interests in associates and joint ventures, before impairment, amounted to HK$3,677,000 and HK$9,040,000 respectively. The Group is exposed to risk of impairment of its equity accounted associates and joint ventures.

Following the detailed impairment review of the Group's interests in the associates and joint ventures, the recoverable amounts exceeded the carrying amounts of the respective associates and joint ventures. Accordingly, management has concluded that no impairment in respect of the Group's interests in associates and joint ventures is necessary.

This conclusion was based on recoverable amount calculation that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the models.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Evaluating the reasonableness of management's assumptions and estimates used in determining the recoverable amounts of the associates and joint ventures. We have benchmarked these assumptions against external data and assessed them based on our knowledge of the Group and the industry;

(ii) Comparing the current year's actual results with prior year's forecast, where applicable, to consider whether any past forecast including any assumptions, with hindsight, had been aggressive; and

(iii) Utilising our own valuation specialists' work when considering the appropriateness of the methodology and assumptions adopted in the calculations.

Impairment assessment of property, plant and equipment and right-of-use assets

Refer to Note 15 and Note 17 in the consolidated financial statements.

Key Audit Matter

As at 30 June 2022, the carrying value of the Group's property, plant and equipment and right-of-use assets, before impairment assessment, amounted to HK$21,458,000 and HK$7,907,000. As at 30 June 2022, the market capitalisation of the Group fell below its net asset value and accordingly, management considered that there was indicator of impairment of the Group's property, plant and equipment and right-of-use assets.

Following a detailed impairment review of the Group's cash-generating units ("**CGUs**"), the recoverable amounts of the CGUs exceeded their carrying amounts and therefore management considered that no impairment loss in respect of the Group's property, plant and equipment and right-of-use assets is necessary.

This conclusion was based on fair-value-less-costs-of-disposal models that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the model.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Understanding the methodologies used by the management's expert to estimate fair value less cost of disposal;

(ii) Evaluating the competence, capabilities and objectivity of the management's expert; and

(iii) Assessing the key assumptions and input data used by management to estimate fair value less cost of disposal based on our knowledge of the business and industry.

Valuation of investment properties

Refer to Note 16 in the consolidated financial statements.

Key Audit Matter

The Group's investment properties were carried at fair value of HK$767,219,000 as at 30 June 2022 which was based on valuations performed by an independent firms of professionally qualified valuers.

Investment properties were significant to the consolidated financial statements of the Group. The valuation of investment properties requires significant judgement and estimation in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. There is a risk that the carrying amount of investment properties may be significantly changed if the valuation methodology adopted and the key assumptions applied by the valuers are varied.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Evaluating the competence, capabilities and objectivity of the external valuers;

(ii) Considering the appropriateness of the methodology and assumptions adopted in the valuation with the assistance of our own valuation specialist;

(iii) Checking the accuracy and relevance of the input data used; and

(iv) Assessing the adequacy of the disclosures made in the consolidated financial statements in respect of the valuation of investment properties including the relationship between the key observable input and fair value.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis (but does not include the consolidated financial statements and our auditor's report thereon), Corporate Information, Directors and Senior Management, Directors' Report, Corporate Governance Report, Environmental, Social and Governance Report, which we obtained prior to the date of this auditor's report, and Chairman's Statement, Particulars of Properties and financial summary, which are expected to be made available to us shortly after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement and Particulars of Properties if we conclude that there is a material misstatement therein, we are required to communicate the matter to audit committee of the Company (the "**Audit Committee**") and take appropriate action considering our legal rights and obligations.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Chan Tsz Hung
Practising Certificate Number: P06693

Hong Kong, 29 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	6 and 7	**471,521**	433,049
Cost of sales		**(404,843)**	(374,815)
Gross profit		**66,678**	58,234
Interest income		**14,238**	13,408
Other income and other (losses)/gains, net	12	**(1,131)**	1,781
General and administrative expenses		**(73,101)**	(69,550)
Selling and distribution expenses		**(7,413)**	(10,430)
Finance costs	10	**(21,270)**	(15,875)
Change in fair value of derivative financial instruments, net	27	**(734)**	(507)
Change in fair value of investment properties, net	16	**6,342**	85,911
Change in fair value and gain on disposal of financial assets at fair value through profit or loss, net	26	**(5,079)**	3,274
Reversal of expected credit loss/(expected credit loss) recognised, net	24	**2,614**	(11,700)
Written off of a deposit		**–**	(1,415)
Impairment loss of property, plant and equipment	15	**–**	(131)
(Impairment loss)/reversal of impairment loss on intangible assets	18	**(70,769)**	130,206
Loss on disposal of subsidiaries, net	34	**–**	(4,656)
Share of results of associates	21	**(7,810)**	(1,811)
Share of results of joint ventures	22	**(15,204)**	11,892
(Loss)/profit before taxation	8	**(112,639)**	188,631
Income tax credit/(expense)	11	**11,446**	(20,779)
(Loss)/profit for the year		**(101,193)**	167,852
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(8,542)**	20,491
Reclassification adjustment on exchange difference for foreign operations disposed of during the year	34	**–**	3,423
Share of other comprehensive income of associates	21	**(113)**	2,700
Share of other comprehensive income of joint ventures	22	**(22)**	(4)
Other comprehensive income for the year		**(8,677)**	26,610
Total comprehensive income for the year		**(109,870)**	194,462

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 HK$'000	2021 HK$'000
(Loss)/profit attributable to:			
Owners of the Company		**(102,218)**	156,346
Non-controlling interests		**1,025**	11,506
		(101,193)	167,852
Total comprehensive income attributable to:			
Owners of the Company		**(110,921)**	182,947
Non-controlling interests		**1,051**	11,515
		(109,870)	194,462
(Loss)/earnings per share:			
– Basic and diluted (HK$)	14	**(0.043)**	0.066

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**21,458**	24,933
Investment properties	16	**767,219**	650,996
Right-of-use assets	17	**7,907**	9,480
Intangible assets	18	**486,820**	557,560
Prepayments	19	**–**	1,632
Interests in associates	21	**3,677**	11,600
Interests in joint ventures	22	**9,040**	24,267
Other loans and receivables	24	**21,895**	9,697
Deferred tax assets	33	**12,877**	–
Total non-current assets		**1,330,893**	1,290,165
Current assets			
Inventories	23	**33,442**	46,593
Debtors, other loans and receivables, deposits and prepayments	24	**249,120**	282,161
Bills receivable	25	**865**	1,189
Financial assets at fair value through profit or loss	26	**6,798**	5,091
Pledged bank deposits	28	**–**	72,150
Bank balances and cash	29	**71,346**	66,953
Total current assets		**361,571**	474,137
Current liabilities			
Creditors, other advances and accrued charges	30	**114,797**	154,148
Borrowings	31	**180,037**	240,236
Derivative financial liabilities	27	**580**	580
Promissory notes	32	**–**	8,960
Lease liabilities	17	**1,760**	1,886
Total current liabilities		**297,174**	405,810
Net current assets		**64,397**	68,327
Total assets less current liabilities		**1,395,290**	1,358,492

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Lease liabilities	17	**231**	1,316
Other payables and advances	30	**62,259**	49,993
Borrowings	31	**156,982**	20,443
Deferred tax liabilities	33	**87,138**	88,190
Total non-current liabilities		**306,610**	159,942
Total net assets		**1,088,680**	1,198,550
EQUITY			
Capital and reserves			
Share capital	35	**23,745**	23,745
Reserves		**1,065,597**	1,176,518
Equity attributable to owners of the Company		**1,089,342**	1,200,263
Non-controlling interests	39	**(662)**	(1,713)
Total equity		**1,088,680**	1,198,550

The consolidated financial statements on pages 67 to 160 were approved and authorised for issue by the Board of Directors on 29 September 2022 and are signed on its behalf by:

Chau Lai Him
DIRECTOR

Chau Chi Ho
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital HK$'000 (Note 35)	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Property revaluation reserve HK$'000	Share option reserve HK$'000 (Note 36)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2020	23,745	1,828,432	612,360	(16,998)	4,878	123,233	8,734	(1,567,013)	1,017,371	(8,505)	1,008,866
Profit for the year	–	–	–	–	–	–	–	156,346	156,346	11,506	167,852
Exchange difference on translation of foreign operations	–	–	–	20,482	–	–	–	–	20,482	9	20,491
Reclassification adjustment on exchange difference for foreign operations disposed of during the year (Note 34)	–	–	–	3,423	–	–	–	–	3,423	–	3,423
Share of other comprehensive income of associates	–	–	–	2,700	–	–	–	–	2,700	–	2,700
Share of other comprehensive income of joint ventures	–	–	–	(4)	–	–	–	–	(4)	–	(4)
Total comprehensive income for the year	–	–	–	26,601	–	–	–	156,346	182,947	11,515	194,462
Disposal of subsidiaries	–	–	–	–	–	(14,980)	–	14,980	–	(4,778)	(4,778)
Change in non-controlling interest without change in control (Note 45)	–	–	–	–	–	–	–	(55)	(55)	55	–
Lapse of share options	–	–	–	–	–	–	(7,216)	7,216	–	–	–
At 30 June 2021	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital HK$'000 (Note 35)	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Property revaluation reserve HK$'000	Share option reserve HK$'000 (Note 36)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2021	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
Loss for the year	–	–	–	–	–	–	–	(102,218)	(102,218)	1,025	(101,193)
Exchange difference on translation of foreign operations	–	–	–	(8,568)	–	–	–	–	(8,568)	26	(8,542)
Share of other comprehensive income of associates	–	–	–	(113)	–	–	–	–	(113)	–	(113)
Share of other comprehensive income of joint ventures	–	–	–	(22)	–	–	–	–	(22)	–	(22)
Total comprehensive income for the year	–	–	–	(8,703)	–	–	–	(102,218)	(110,921)	1,051	(109,870)
Lapse of share options	–	–	–	–	–	–	(1,518)	1,518	–	–	–
At 30 June 2022	23,745	1,828,432	612,360	900	4,878	108,253	–	(1,489,226)	1,089,342	(662)	1,088,680

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.

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.

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 set out in Note 3.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(112,639)**	188,631
Adjustments for:			
Interest income		**(14,238)**	(13,408)
Finance costs	10	**21,270**	15,875
Depreciation of property, plant and equipment	15	**4,896**	8,873
Depreciation of right-of-use assets	17	**2,205**	2,530
Change in fair value of derivative financial instruments, net	27	**734**	507
Change in fair value of investment properties, net	16	**(6,342)**	(85,911)
Change in fair value and gain on disposal of financial assets at fair value through profit or loss, net	26	**5,079**	(3,274)
(Reversal of expected credit loss)/expected credit loss recognised, net	24	**(2,614)**	11,700
Written off of a deposit		**–**	1,415
Impairment loss on property, plant and equipment	15	**–**	131
Impairment loss/(reversal of impairment loss) on intangible assets	18	**70,769**	(130,206)
Loss on disposal of subsidiaries, net	34	**–**	4,656
Write-down/(reversal of write-down) of inventories	23	**109**	(629)
Loss/(gain) on disposal of property, plant and equipment	8	**2,218**	(3)
Share of results of associates	21	**7,810**	1,811
Share of results of joint ventures	22	**15,204**	(11,892)
Effect of lease modifications	12	**–**	(89)
Operating loss before working capital changes		**(5,539)**	(9,283)
Decrease/(increase) in inventories		**13,042**	(22,610)
Decrease/(increase) in debtors, other loans and receivables, deposits and prepayments		**23,344**	(29,972)
Decrease/(increase) in bills receivable		**302**	(1,138)
Decrease in bank balances held on behalf of brokerage clients		**–**	28
(Decrease)/increase in creditors, other advances and accrued charges		**(23,182)**	55,497
(Increase)/decrease in financial assets at fair value through profit or loss		**(6,786)**	6,951
Cash generated from/(used in) operations		**1,181**	(527)
Income tax paid		**(247)**	(51)
Net cash generated from/(used in) operating activities		**934**	(578)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 HK$'000	2021 HK$'000
Investing activities			
Interest received		**14,238**	13,408
Expenditure on investment properties		**(129,542)**	(41,204)
Purchases of property, plant and equipment		**(5,267)**	(3,331)
Proceeds from disposal of property, plant and equipment		**1,090**	8
Proceeds from disposal of subsidiaries	34	**–**	43,125
Release/(placement) of pledged bank deposits		**72,551**	(68,021)
Net cash used in investing activities		**(46,930)**	(56,015)
Financing activities	47		
Interest paid on borrowings		**(20,720)**	(15,043)
Interest paid on promissory notes		**(1,381)**	–
Repayment of interest portion of the lease liabilities		**(129)**	(123)
Repayment of principal portion of the lease liabilities		**(1,993)**	(2,596)
Redemption of promissory notes		**(8,000)**	–
Repayment of other loans		**–**	(4,050)
Proceeds from new bank loans		**275,695**	184,825
Repayment of bank loans		**(191,295)**	(108,362)
Net cash generated from financing activities		**52,177**	54,651
Net increase/(decrease) in cash and cash equivalents		**6,181**	(1,942)
Cash and cash equivalents at beginning of the year		**66,953**	63,634
Effect of foreign exchange rate changes		**(1,788)**	5,261
Cash and cash equivalents at end of the year		**71,346**	66,953
Analysis of the balances of cash and cash equivalents			
Bank balance and cash		**71,346**	66,953

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, property investment 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 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. Further details are set out in Notes 20, 21 and 22. The Company, together with its subsidiaries are collectively referred to as the "Group".

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 July 2021

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

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

None of these new or amended HKFRSs have material impact on the Group's results and financial position for the current or prior years. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

Amendments to HKAS 1 and HK Interpretation 5 (2020)	"Classification of Liabilities as Current or Non-current" and "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018–2020[1]

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

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

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

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

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

The Directors do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 1 – Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

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

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

Amendments to HKAS 16 – Proceeds before Intended Use

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

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

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

HKFRS 17 – Insurance Contracts

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

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

The Directors anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which 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.

- HKFRS 9, Financial Instruments, which clarifies the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amends Illustrative Example 13 to remove the illustration of 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 Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values as explained in the accounting policies set out below.

Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and basis of consolidation (continued)

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 July 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangements; or

- Joint operations: where the Group has both the rights to assets and obligation for the liabilities of the joint arrangement.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements (continued)

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale and disposal groups (continued)

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Buildings are depreciated over the shorter of the term of the lease or fifty years using the straight-line method.

Leasehold improvements are depreciated over the shorter of the remaining term of the lease or at 10% per annum using the straight-line method.

Depreciation is charged to write off the cost of property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Equipment, furniture and fixtures	20% – 30%
Plant and machinery	20%
Motor vehicles	20% – 30%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of prepaid land lease payments becomes an investment property when there is a change in use, as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. The properties revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

Mining right

Mining right is stated at cost less subsequent accumulated amortisation and accumulated impairment losses. Amortisation of mining right is calculated to write off the cost less accumulated impairment losses on the unit-of-production method.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life on the straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment at least annually either individually or at the cash-generating unit ("**CGU**") level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss in profit or loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss.

Inventories

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses incurred in bringing the inventories to their present location and condition, is assigned to inventories by the method most appropriate to the particular class of inventories, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement of financial assets depends on the classification as follows:

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECLs on debtors and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade debtors using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, depending on credit worthiness of customers.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including creditors, other advances and accrued charges and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist 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 of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

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.

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. Right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
Buildings	Over the lease terms

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are 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 uses the lessee'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.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities (continued)

Subsequent to the commencement date, the Group measures 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.

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised as profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included as profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in HK$ using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve within equity. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of share options has been recognised in profit or loss as share-based payments.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits and accumulated losses.

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of goods

Revenue from sale of goods is recognised at a point of time when the control of goods have been transferred to the buyer. There is generally only one performance obligation. Invoices are usually payable within 30 to 60 days. New customers are normally required to pay in advance. The advances received is recognised as contract liabilities.

Contract liabilities

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel service to the Group's or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions adopted that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at the end of each reporting period.

Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis or reducing balance method over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and the estimated residual values, if any, of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Reserve estimates and amortisation of mining right

Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process and the determination of appropriate amortisation method of mining right may require complex and difficult geological judgments and calculations to interpret the data as well as consideration of the production plan.

Income taxes

The Group is subject to income taxes in various jurisdictions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of property, plant and equipment

In determining whether an item of property, plant and equipment is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset or a CGU can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or CGU, or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Valuation of investment properties

Investment properties, including those completed investment properties and investment properties under construction, are carried in the consolidated statement of financial position at their fair value, details of which are disclosed in Note 16. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent qualified valuer using property valuation techniques which involve certain assumptions and inputs as set out in Note 16. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties included in the consolidated statement of financial position and corresponding adjustments to the changes in fair value recognised in profit or loss. As at 30 June 2022, the carrying amount of investment properties was approximately HK$767,219,000 (2021: HK$650,996,000).

Provision on ECL for trade debtors

The Group uses provision matrix to calculate ECL for the trade debtors. The expected loss rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade debtors are disclosed in Notes 5 and 24 respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provision on ECL for other loans and receivables

The Group assesses at the end of the reporting period the ECLs of other loans and receivables in accordance with the three-stage model set out in accounting policy set out in Note 3 on individual or collectively basis, as appropriate. The Group estimates risk of default of the debtors and the ECL rates considering factors such as days past due of the receivables, debtors' creditworthiness, past repayment history, the recoverable amount of the securities and the timing of future cash inflows, then adjusted for existing market condition including forward looking estimates at the end of the reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's other loans and receivables are disclosed in Notes 5 and 24 respectively.

Impairment assessment of mining right

The Group's mining right is assessed annually to determine for any indication of further impairment or reversal of previously recoginsed impairment. Where an indicator of further impairment or reversal of impairment loss exists, a formal estimate of the recoverable amount of the CGU related to the mining right is made. The assessment requires the use of estimates and assumptions such as long-term selling prices, discount rates, future capital requirements and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimate future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment assessment of interests in associates and interests in joint ventures

The interests in associates and interests in joint ventures are subject to impairment review whenever there are indications that the carrying amount of the Group's interests may not be recoverable or impairment losses recognised in prior periods may have decreased. Where an indicator of further impairment or reversal of impairment loss exists, a formal estimate of the recoverable amount of the Group's interests in associates and interests in joint ventures is made. The calculation of the fair-value-less-costs-of-disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments in the normal course of the Group's business are foreign currency risk, credit risk, interest rate risk, liquidity risk, copper price risk and equity price risk. These risks are managed according to the Group's financial management policies and practices described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars ("**US$**").

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade receivables and trade payables at the end of the reporting period, are as follows:

	2022 **HK$'000**	2021 HK$'000
Assets		
US$	**26,479**	29,511
Liabilities		
US$	**13,381**	14,856

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in the functional currencies of the group entities, against relevant foreign currencies, mainly US$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for 5% change in foreign currency rates.

A negative number below indicates increase in loss (2021: a decrease in profit) for the year when the functional currencies have strengthened against the relevant foreign currencies. For a 5% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the result for the year.

	2022	2021
	HK$'000	HK$'000
US$		
Decrease in loss/increase in profit for the year	**655**	733

Credit risk

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group has no significant concentration of credit with exposure spread over a number of counterparties and customers.

Pledged bank deposits and bank balances and cash, are mainly deposited with registered banks in the PRC and Hong Kong. The Group has policies to limit its credit exposure to any financial institution. The directors consider the credit risk on bills receivables is low since the issuers or the banks which guarantee payments of bills receivables are of high credit rating. Accordingly, the ECLs for pledged bank deposits, bank balances and cash and bills receivables were expected to be minimal.

The carrying amounts of debtors, other loans and receivables and deposits, financial assets at FVTPL, pledged bank deposits, bank balances and cash included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets which carry significant exposure to credit risk.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(i) Impairment of trade debtors

The Group measures loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on days past due for groupings of customer segments that have similar loss patterns.

The following tables provide information about the Group's exposure to credit risk and ECLs for the trade debtors as at 30 June 2022 and 2021:

At 30 June 2022

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net amount HK$'000
Not yet past due	0.83%	56,515	468	56,047
1–30 days past due	1.03%	12,466	128	12,338
31–90 days past due	5.04%	4,769	190	4,579
Over 90 days past due	54.79%	2,305	1,252	1,053
		76,055	2,038	74,017

At 30 June 2021

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net amount HK$'000
Not yet past due	0.61%	70,974	434	70,540
1–30 days past due	1.33%	12,862	171	12,691
31–90 days past due	0.42%	1,202	5	1,197
Over 90 days past due	90.90%	2,021	1,837	184
		87,059	2,447	84,612

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits

The Group measures loss allowances for other loans and receivables and deposits using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the "three-stage" model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

– If a significant increase in credit risk (as defined in accounting policy at Note 3) since initial recognition is identified, the financial asset is moved to "Stage 2" but it not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

– If the financial asset is credit-impaired (as defined in accounting policy at Note 3), the financial asset is then moved to "Stage 3". The ECL is measured on lifetime basis.

– At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables and deposits as at 30 June 2022 and 2021:

At 30 June 2022

	Expected loss rate %	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Other loans and receivables and deposits	13.37%	151,373	22,271	35,371	209,015	27,935

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits (continued)

At 30 June 2021

	Expected loss rate %	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Other loans and receivables and deposits	13.54%	91,603	87,287	47,737	226,627	30,692

Change in gross carrying amounts of other loans and receivables and deposits during the year ended 2022 and 2021 did not result in significant change in the loss allowance.

The movements in provision for impairment of other loans and receivables and deposits are as follows:

	12-month ECLs Stage 1 HK$'000	**Lifetime ECLs, non-credit impaired Stage 2** HK$'000	**Lifetime ECLs, credit impaired Stage 3** HK$'000	**Total** HK$'000
As at 1 July 2020	738	1,314	15,538	17,590
Transfer to Stage 3	(731)	–	731	–
Expected credit loss recognised during the year	159	2,519	9,002	11,680
Disposal of subsidiaries	–	(46)	–	(46)
Exchange realignment	4	189	1,275	1,468
As at 30 June 2021 and 1 July 2021	**170**	**3,976**	**26,546**	**30,692**
Transfer to Stage 1	**3,486**	**(3,486)**	**–**	**–**
Reversal of expected credit loss recognised during the year	**(1,002)**	**(105)**	**(1,132)**	**(2,239)**
Exchange realignment	**(63)**	**(9)**	**(446)**	**(518)**
As at 30 June 2022	**2,591**	**376**	**24,968**	**27,935**

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk relates primarily to the Group's floating-rate borrowings (Note 31).

Management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the interest rate risk.

At 30 June 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year (2021: decrease/increase the Group's profit for the year) and the accumulated losses by approximately HK$2,870,000 (2021: HK$2,107,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 30 June 2021.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturities for its financial liabilities as at the end of reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 30 June 2022					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	134,713	134,713	107,222	7,845	19,646
Lease liabilities	1,991	2,039	1,805	234	–
Borrowings	337,019	448,425	204,145	24,452	219,828
	473,723	585,177	313,172	32,531	239,474
Derivative financial liabilities					
Derivative financial liabilities	580	580	580	–	–

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 30 June 2021					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	171,625	171,625	148,902	4,298	18,425
Lease liabilities	3,202	3,342	2,005	1,337	–
Borrowings	260,679	273,344	249,288	2,118	21,938
Promissory notes	8,960	8,960	8,960	–	–
	444,466	457,271	409,155	7,753	40,363
Derivative financial liabilities					
Derivative financial liabilities	580	580	580	–	–

Copper price risk

The Group is exposed to price risk of copper rods, which are the major raw materials for the production process. To mitigate the copper price risk, the Group has entered into copper future contracts to hedge against the fluctuations of copper price. Details of the copper future contracts outstanding at the end of reporting period are set out in Note 27.

At 30 June 2022, it is estimated that a general increase/decrease of 10% in copper future contract price, with all other variables held constant, would decrease/increase the Group's loss for the year (2021: increase/decrease the Group's profit for the year) and accumulated losses by approximately HK$480,000 (2021: HK$1,089,000) in respect of the instruments outstanding throughout the year.

The sensitivity analysis above has been determined assuming that the change in copper future contract price had occurred at the end of reporting period and had been applied to the exposure to copper future contract price risk for both derivative and non-derivative financial instruments in existence at that date. The 10% increase or decrease represents management's assessment of a reasonably possible change in copper future contract price over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 30 June 2021.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Equity price risk

The Group is exposed to equity price changes arising from financial assets at FVTPL held for trading purpose.

The Group's listed investments are listed on The Stock Exchange of Hong Kong. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the index of the Stock Exchange and other industry indicators, as well as the Group's liquidity needs.

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. At 30 June 2022, it was estimated that a general increase/decrease of 10% in equity price, with all other variables held constant, would decrease/increase the Group's loss for the year (2021: increase/decrease the Group's profit for the year) and accumulated losses by HK$680,000 (2021: HK$509,000).

(b) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions; and

- the fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials according to professional valuation report, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding fair values.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value (continued)

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's derivatives are measured at fair value at 30 June 2022 and 2021:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Asset				
Financial assets at FVTPL	**6,798**	**–**	**–**	**6,798**
Liability				
Copper future contracts	**580**	**–**	**–**	**580**

	2021			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Asset				
Financial assets at FVTPL	5,091	–	–	5,091
Liability				
Copper future contracts	580	–	–	580

6. REVENUE

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

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers:		
Sales of goods	**458,085**	419,295
Revenue from other sources:		
Rental income	**13,436**	13,754
	471,521	433,049

7. SEGMENTAL INFORMATION

(a) Reportable segments

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

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

(i) manufacture and trading of cables and wires;

(ii) trading of copper rods; and

(iii) investment properties.

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2021 and 2022 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 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.

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2022

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000	Elimination HK$'000	Total HK$'000
Revenue from external customer	300,238	157,847	13,436	471,521	–	471,521
Inter-segment revenue	–	9,720	–	9,720	(9,720)	–
Reportable segment revenue	300,238	167,567	13,436	481,241	(9,720)	471,521
Reportable segment (loss)/profit	(10,338)	3,944	19,639	13,245	–	13,245
Finance costs	(13,991)	(4,731)	(1,998)	(20,720)	–	(20,720)
Change in fair value of derivative financial instruments, net	(221)	–	–	(221)	–	(221)
Change in fair value of investment properties, net	–	–	6,342	6,342	–	6,342
Loss on disposal of property, plant and equipment	(1,375)	(843)	–	(2,218)	–	(2,218)
(Expected credit loss)/reversal of expected credit loss recognised, net						
– allocated	(2,542)	3,856	3,873	5,187	–	5,187
– unallocated						(2,573)
						2,614
Depreciation of right-of-use assets						
– allocated	(8)	(215)	(23)	(246)	–	(246)
– unallocated						(1,959)
						(2,205)
Depreciation of property, plant and equipment						
– allocated	(4,202)	(260)	(309)	(4,771)	–	(4,771)
– unallocated						(125)
						(4,896)
Income tax credit/(expense)	12,877	–	(1,431)	11,446	–	11,446

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2021

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

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

As at 30 June 2022

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Reportable segment assets	**285,306**	**69,996**	**796,189**	**1,151,491**
Additions to non-current assets	**5,160**	**–**	**129,542**	**134,702**
Reportable segment liabilities	**238,479**	**4,145**	**267,299**	**509,923**

As at 30 June 2021

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

7. SEGMENTAL INFORMATION (continued)

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

	2022 HK$'000	2021 HK$'000
For the year ended 30 June		
(Loss)/profit before taxation		
Reportable segment profit	13,245	74,877
Change in fair value of derivative financial instruments	(513)	(580)
(Impairment loss)/reversal of impairment loss on intangible assets	(70,769)	130,206
Share of results of associates	(7,810)	(1,811)
Share of results of joint ventures	(15,204)	11,892
Unallocated finance costs	(550)	(897)
Unallocated corporate expenses	(31,038)	(25,056)
Consolidated (loss)/profit before taxation	(112,639)	188,631
At 30 June		
Assets		
Reportable segment assets	1,151,491	1,112,201
Mining right	486,820	557,560
Interests in joint ventures	9,040	24,267
Interests in associates	3,677	11,600
Deferred tax assets	12,877	–
Unallocated bank balances and cash	4,130	12,937
Unallocated corporate assets	24,429	45,737
Consolidated total assets	1,692,464	1,764,302
Liabilities		
Reportable segment liabilities	509,923	460,870
Promissory notes	–	8,960
Deferred tax liabilities	87,138	88,190
Unallocated corporate liabilities	6,723	7,732
Consolidated total liabilities	603,784	565,752

7. SEGMENTAL INFORMATION (continued)

(c) Geographical information

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

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	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**290,260**	270,599	**742,009**	632,570
Americas	**44,677**	38,843	**–**	–
Europe	**75,413**	61,646	**–**	–
Hong Kong	**37,053**	35,333	**54,572**	54,438
Mongolia	**–**	–	**495,863**	581,860
Others	**24,118**	26,628	**3,677**	11,600
	471,521	433,049	**1,296,121**	1,280,468

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 2022

	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	300,238	157,847	–	458,085
Transferred over time	–	–	–	–
	300,238	157,847	–	458,085
Revenue from other sources	–	–	13,436	13,436
	300,238	157,847	13,436	471,521

7. SEGMENTAL INFORMATION (continued)

(d) Disaggregation of revenue by timing of revenue recognition (continued)

For the year ended 30 June 2021

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

(e) Information about major customers

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

	2022 HK$'000	2021 HK$'000
Copper rods segment		
Customer A	**62,400**	54,484
Customer B (Note)	**51,657**	N/A

Note:

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 30 June 2021.

8. (LOSS)/PROFIT BEFORE TAXATION

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	2,150	2,150
Depreciation of property, plant and equipment	4,896	8,873
Depreciation of right-of-use assets	2,205	2,530
Carrying amount of inventories sold	404,734	375,444
Write-down/(reversal of write-down) of inventories	109	(629)
Cost of inventories recognised as expenses (Note)	404,843	374,815
Short term lease expenses	630	651
Direct operating expenses arising from investment properties that generate rental income during the year	149	395
Loss/(gain) on disposal of property, plant and equipment	2,218	(3)
Exchange difference, net	2,832	5,008
Government subsidies	(152)	(602)
Research and development expenses	17,862	4,570
Staff costs (including directors' remuneration (Note 9))	69,945	61,598
Provision for litigation	–	743

Note:

Included in cost of inventories is HK$32,118,000 (2021: HK$35,382,000) 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.

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals for the year were as follows:

	Fees		Salaries and other benefits		Retirement benefit scheme contributions		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Directors								
Chau Lai Him	**–**	–	**7,020**	6,890	**–**	–	**7,020**	6,890
Liu Dong Yang	**324**	317	**261**	274	**90**	68	**675**	659
Chau Chi Ho	**–**	–	**1,144**	1,118	**18**	18	**1,162**	1,136
Chung Kam Kwong	**444**	432	**–**	–	**–**	–	**444**	432
Lo Wai Ming	**276**	266	**–**	–	**–**	–	**276**	266
Lo Chao Ming	**102**	100	**–**	–	**–**	–	**102**	100
	1,146	1,115	**8,425**	8,282	**108**	86	**9,679**	9,483

There was no arrangement under which a director waived or agreed to waive any remuneration, and neither incentive payment nor compensation for loss of office was paid to a director during the current and prior years.

The five highest paid individuals of the Group include two (2021: two) executive directors of the Company, details of whose remuneration are included above. The emoluments of the three (2021: three) non-director individual was as follows:

	2022	2021
	HK$'000	HK$'000
Salaries and other benefits	**3,226**	2,909
Contributions to retirement benefit schemes	**68**	58
	3,294	2,967

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

Remuneration of these individuals was within the following bands:

	Number of individuals	
	2022	2021
Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$1,500,000	**2**	1

The emoluments paid or payable to members of senior management were within the following bands:

	Number of individuals	
	2022	2021
Nil – HK$1,000,000	**7**	8
HK$1,000,001 – HK$1,500,000	**3**	2
HK$6,500,001 – HK$7,000,000	**–**	1
HK$7,000,001 – HK$7,500,000	**1**	–

10. FINANCE COSTS

	2022	2021
	HK$'000	HK$'000
Interest on borrowings	**20,720**	15,043
Interest on lease liabilities (Note 17)	**129**	123
Imputed interest on promissory notes (Note 32)	**421**	709
	21,270	15,875

11. INCOME TAX (CREDIT)/EXPENSE

	2022	2021
	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	**171**	–
	171	–
Deferred tax for the year (Note 33)	**(11,617)**	20,779
	(11,446)	20,779

No provision for Hong Kong profits tax is made for current and prior years as there is sufficient tax losses to offset with the assessable profits 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.

11. INCOME TAX (CREDIT)/EXPENSE (continued)

Reconciliation between income tax (credit)/expense for the year and (loss)/profit before taxation presented in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2022 HK$'000	2021 HK$'000
(Loss)/profit before taxation	(112,639)	188,631
Tax calculated at the rates applicable to the tax jurisdictions concerned	(22,975)	49,832
Tax effect of expenses not deductible for tax purpose	22,867	7,389
Tax effect of income not taxable for tax purpose	(264)	(34,551)
Deduction of research and development cost	(3,349)	(881)
Tax effect of tax losses not recognised	2,525	3,038
Utilisation of tax losses previously not recognised	(2,247)	(1,944)
Recognition of tax losses previously not recognised as deferred tax assets	(12,877)	–
Tax effect of temporary difference not recognised	(880)	416
Tax effect on share of results of associates	1,953	453
Tax effect on share of results of joint ventures	3,801	(2,973)
Income tax (credit)/expense for the year	(11,446)	20,779

12. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2022 HK$'000	2021 HK$'000
Other income		
Other rental income	683	224
Government subsidies (Note)	152	602
	835	826
Other (losses)/gains, net		
Effect of lease modifications	–	89
(Loss)/gain on disposal of property, plant and equipment	(2,218)	3
Others	252	863
	(1,966)	955
	(1,131)	1,781

Note:

Government subsidies mainly related to wage subsidies from government under the Employment Support Scheme ("**ESS**"). Under the term of the ESS, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

13. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2022 and 2021.

14. (LOSS)/EARNINGS PER SHARE

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

	2022 HK$'000	2021 HK$'000
(Loss)/earnings		
(Loss)/profit for the year attributable to the owners of the Company	**(102,218)**	156,346

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**2,374,532,340**	2,374,532,340

There was no movement on the number of shares in issue during the year. The weighted average number of ordinary shares used for the purposes of calculating the basic (loss)/earnings per share for the years ended 30 June 2022 and 2021 are 2,374,532,340.

The computation of diluted (loss)/earnings per share for the years ended 30 June 2022 and 2021 does not assume the exercise of share options as their exercise price was higher than the average market price per share for both years. Therefore, the diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share for the years ended 30 June 2022 and 2021.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST:						
At 1 July 2020	31,741	22,418	63,282	252,935	20,401	390,777
Additions	–	–	850	1,956	525	3,331
Disposals	–	–	–	(54)	(280)	(334)
Disposal of subsidiaries (Note 34)	–	–	(1,226)	(100,231)	(146)	(101,603)
Exchange realignment	3,023	1,922	4,694	19,304	1,497	30,440
At 30 June 2021 and 1 July 2021	**34,764**	**24,340**	**67,600**	**173,910**	**21,997**	**322,611**
Additions	**–**	**–**	**903**	**4,257**	**107**	**5,267**
Disposals	**–**	**–**	**(29,387)**	**(20,254)**	**(686)**	**(50,327)**
Exchange realignment	**(882)**	**(559)**	**(401)**	**(3,261)**	**(405)**	**(5,508)**
At 30 June 2022	**33,882**	**23,781**	**38,715**	**154,652**	**21,013**	**272,043**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
At 1 July 2020	31,066	17,001	56,211	239,866	18,260	362,404
Depreciation	525	1,265	3,555	2,754	774	8,873
Disposals	–	–	–	(49)	(280)	(329)
Disposal of subsidiaries (Note 34)	–	–	(1,139)	(100,231)	(142)	(101,512)
Impairment loss	–	–	–	–	131	131
Exchange realignment	2,990	1,489	4,241	18,056	1,335	28,111
At 30 June 2021 and 1 July 2021	**34,581**	**19,755**	**62,868**	**160,396**	**20,078**	**297,678**
Depreciation	**4**	**468**	**1,004**	**2,783**	**637**	**4,896**
Disposals	**–**	**–**	**(26,380)**	**(20,058)**	**(581)**	**(47,019)**
Exchange realignment	**(884)**	**(456)**	**(372)**	**(2,873)**	**(385)**	**(4,970)**
At 30 June 2022	**33,701**	**19,767**	**37,120**	**140,248**	**19,749**	**250,585**
NET CARRYING AMOUNT:						
At 30 June 2022	**181**	**4,014**	**1,595**	**14,404**	**1,264**	**21,458**
At 30 June 2021	183	4,585	4,732	13,514	1,919	24,933

15. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 30 June 2021, a motor vehicle was retired and accordingly an impairment loss of HK$131,000 was recognised in profit and loss.

As at 30 June 2022, the Group pledged property, plant and equipment with net carrying amount of HK$181,000 (2021: HK$ Nil) to secure the borrowings of the Group (Note 31).

16. INVESTMENT PROPERTIES

	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
At 1 July 2020	368,470	146,886	515,356
Additions	–	54,733	54,733
Change in fair value	31,238	54,673	85,911
Disposal of subsidiaries (Note 34)	(53,110)	–	(53,110)
Exchange realignment	31,094	17,012	48,106
At 30 June 2021 and 1 July 2021	**377,692**	**273,304**	**650,996**
Additions	**–**	**129,542**	**129,542**
Change in fair value	**(6,934)**	**13,276**	**6,342**
Exchange realignment	**(8,166)**	**(11,495)**	**(19,661)**
At 30 June 2022	**362,592**	**404,627**	**767,219**

16. INVESTMENT PROPERTIES (continued)

The Group's investment properties were valued at 30 June 2022 by Peak Vision Appraisals Limited ("**Peak Vision**") and LCH (Asia-Pacific) Surveyors Limited ("**LCH**"), which 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.

(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$6,342,000 (2021: HK$85,911,000) during the year.

The fair value of the investment properties is a Level 3 recurring fair value measurement.

For the significant unobservable inputs used under the investment approach, term yield ranging from 2.3% to 7.3% (2021: 2.6% to 27.6%), reversionary yield ranging from 2.8% to 9.8% (2021: 2.3% to 9.4%) and average market unit rent per month ranging from RMB13 to RMB447 (2021: RMB12 to RMB437) per square metre are adopted for the industrial buildings. As at 30 June 2022, no residential buildings is held by the Group.

Under the direct comparison approach, significant inputs of the Group's industrial buildings in the PRC include price per square metre of RMB265 to RMB4,031 (2021: RMB231 to RMB2,320) adjusted for a range from a discount of 26% to a premium of 24% (2021: from a discount of 36% to a premium to 8%) specific to the location of the Group's industrial building located in the PRC compared to recent sales on the comparable transactions.

Under the depreciated replacement cost approach, the estimated replacement cost per square metre adopted is from RMB811 to RMB2,335 (2021: RMB780 to RMB1,588) per square metre.

The fair value measurement of investment properties is (i) negatively correlated to the term yield and reversionary yield and positively correlated to average market unit rent per month under the investment approach; (ii) positively correlated to the price per square metre and a favourable adjustment on the comparable transactions under the direct comparison approach; and (iii) positively correlated to the estimated replacement cost under the depreciated replacement cost approach.

The fair value measurement is based on the above properties highest and best use, which does not differ from their current use.

16. INVESTMENT PROPERTIES (continued)

Fair value adjustments of investment properties are recognised in profit or loss. All the gains recognised in profit or loss for the year arise from the investment properties held at the end of the reporting period.

There was no transfer between Levels 1, 2 and 3 during the year.

The Group's investment properties are mainly situated in the PRC.

As at 30 June 2022, the Group pledged investment properties with aggregate carrying amount of HK$691,145,000 (2021: HK$364,263,000) to secure the borrowings of the Group (Note 31).

17. LEASES

(a) The Group as lessee

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

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

(i) Right-of-use assets

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

	Leasehold land	Buildings	Motor Vehicle	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2020	6,011	2,449	–	8,460
Additions	–	3,808	–	3,808
Depreciation	(262)	(2,268)	–	(2,530)
Modification of leases	–	(815)	–	(815)
Exchange realignment	557	–	–	557
As at 30 June 2021 and 1 July 2021	**6,306**	**3,174**	**–**	**9,480**
Additions	**–**	**–**	**782**	**782**
Depreciation	**(246)**	**(1,904)**	**(55)**	**(2,205)**
Exchange realignment	**(150)**	**–**	**–**	**(150)**
As at 30 June 2022	**5,910**	**1,270**	**727**	**7,907**

As at 30 June 2022, the Group pledged right-of-use assets with net book value of HK$186,000 (2021: HK$Nil) to secure the borrowings of the Group (Note 31).

17. LEASES (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities

	2022 HK$'000	2021 HK$'000
At 1 July	**3,202**	2,894
New leases	**782**	3,808
Interest expenses	**129**	123
Lease payments	**(2,122)**	(2,719)
Modification of leases	**–**	(904)
At 30 June	**1,991**	3,202
Classified under:		
Non-current portion	**231**	1,316
Current portion	**1,760**	1,886
	1,991	3,202

At 30 June 2022, the undiscounted lease payments by the Group in future period under leases with its lessors are as follows:

		2022	
	Minimum lease payments HK$'000	**Interest HK$'000**	**Present value HK$'000**
Within one year	**1,805**	**45**	**1,760**
After one year but within two years	**234**	**3**	**231**
	2,039	**48**	**1,991**

		2021	
	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Within one year	2,005	119	1,886
After one year but within two years	1,337	21	1,316
	3,342	140	3,202

17. LEASES (continued)

(a) The Group as lessee (continued)

(iii) Information in relation to short term leases

	2022 HK$'000	2021 HK$'000
Short term lease expenses	630	651
Aggregate undiscounted commitments for short term leases	115	85

(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 (2021: one year to fifteen years). As at 30 June 2022, the Group had contracted with tenants for the following future minimum lease payments receivable:

	2022 HK$'000	2021 HK$'000
Within one year	13,389	16,158
In the second year	28,170	15,270
In the third year	26,980	15,769
In the fourth year	20,477	13,077
In the fifth year	21,805	4,977
Over five years	249,645	15,067
	360,466	80,318

18. INTANGIBLE ASSETS

	Mining right
	HK$'000
COST:	
At 1 July 2020	1,167,684
Exchange realignment	5
At 30 June 2021 and 1 July 2021	**1,167,689**
Exchange realignment	**29**
At 30 June 2022	**1,167,718**
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2020	740,335
Reversal of impairment	(130,206)
At 30 June 2021 and 1 July 2021	**610,129**
Impairment	**70,769**
At 30 June 2022	**680,898**
NET CARRYING AMOUNT:	
At 30 June 2022	**486,820**
At 30 June 2021	557,560

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

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

During the year ended 30 June 2022, the directors of the Company have engaged Peak Vision in determining the recoverable amount of the CGU for which the mining right belongs to (the "**Mining CGU**"). Given the current development status of mining right, management has determined that recoverable amount of the Mining CGU on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating the recoverable amount of the Mining CGU, which adopted cash flow projection for a period of 9 years, which is estimated to be the entire period of mining activities.

18. INTANGIBLE ASSETS (continued)

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

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

At 30 June 2022, management analysed changes in the economic environment and performed an impairment test for Mining CGU at 30 June 2022 using the following key assumptions to determine the recoverable amount:

– In determining the revenue growth, a constant of the production level is expected in the cash flow projection periods;

– Total production was estimated based on average sustainable production levels of 20,000 metric tonnes of primary copper cathode per annum, out of 12.56 million tonnes of mineral ores reserves estimated based on technical report. The ores will be used primarily for the production of the primary copper cathode;

– Budgeted average gross margins 54% in the cash flow projection periods was estimated based on management expectations of market development;

– The unit market price of copper cathode was ranged from approximately US$6,800 per tonne to approximately US$9,100 per tonne with reference to the future copper price at the end of each forecast period predicted by the World Bank and was adjusted for gross domestic product price deflator;

– The post-tax discount rate was estimated in real terms based on the weighted average cost of capital basis and was 21.81%. In determining the discount rate, the weighted average cost of capital was used, which is based on capital asset pricing model and determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparable;

– Operating costs were projected based on the feasibility study report adjusted for inflation; and

– For the estimation of inflation rate, inflation rates relevant to the global and local Mongolian economy are taken as reference.

18. INTANGIBLE ASSETS (continued)

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

– A 10% reduction in the projected copper price level would result in a decrease in the recoverable amount by 24% and would lead to an additional impairment of HK$114,734,000; and

– A 10% increase in the post-tax discount rate (i.e. increased from 21.81% to 23.99%) would result in a decrease in the recoverable amount by 13% and would lead to an additional impairment of HK$64,052,000.

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

As at 30 June 2022, in view of the continuously decrease (2021: increase) in the LME copper price, the recoverable amount of the Mining CGU was HK$486,822,000, which was lower than the carrying amount of HK$557,591,000. Accordingly, impairment losses on Mining CGU of approximately HK$70,769,000 is recognised in profit or loss for the year ended 30 June 2022. The impairment loss is primarily attributed to the decrease in the recoverable amount of the Mining CGU, which is due to the significant decrease in copper price and hence a corresponding decrease in future cash inflows.

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

19. PREPAYMENTS

	2022 **HK$'000**	2021 HK$'000
Prepayments made for construction of investment properties	**–**	1,632

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries as at the end of reporting period are set out below:

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company		Principal activities
				Directly	Indirectly	
Chau's Electrical (BVI) Company Limited	Limited liability company	British Virgin Islands ("**BVI**")/PRC	1 share of US$1	–	100%	Property holding
Chau's Electrical Company Limited	Limited liability company	Hong Kong ("**HK**")	HK$1,000 ordinary HK$500,000 non-voting deferred (Note (a))	–	100%	Trading of cable and wire products and property holding
Chau's Industrial Investments Limited	Limited liability company	BVI	US$1,000	100%	–	Investment holding
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd.	Wholly-owned foreign enterprise	PRC	US$20,025,000	–	100%	Trading of copper products and property holding
東莞橋梓周氏電業有限公司 Dongguan Qiaozi Chau's Electrical Co., Ltd.	Wholly-owned foreign enterprise	PRC	HK$6,810,000	–	100%	Manufacture and trading of cable and wire products
Gosberton Assets Limited	Limited liability company	BVI	US$1	–	100%	Holding of trademarks
Great Measure Investments Limited	Limited liability company	BVI	US$1	100%	–	Investment holding

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company		Principal activities
				Directly	Indirectly	
Hua Yi Copper Products Company Limited	Limited liability company	HK	HK$5,000,000	–	100%	Investment holding
Ikh Shijir Erdene LLC	Limited liability company	The State of Mongolia	US$100,000	–	100%	Mining business (not yet commenced)
上海周氏電業有限公司 Shanghai Chau's Electrical Co., Ltd.	Wholly-owned foreign enterprise	PRC	US$2,500,000	–	100%	Property holding
Sun Progress Limited	Limited liability company	BVI	US$1	–	100%	Investment holding
廉江市周氏石材有限公司 Lianjiang Zhou's Marble Company Limited ("**Zhou's Marble**")	Limited liability company	PRC	RMB10,000,000	–	80%	Property holding

Notes:

(a) The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding up.

(b) Except for Chau's Industrial Investments Limited and Great Measure Investments Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries issued any debt security at the end of reporting period.

21. INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Share of net assets	3,677	11,600

Particulars of the Group's associates as at 30 June 2022 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
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

21. INTERESTS IN ASSOCIATES (continued)

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of effective interest held by the Group	Principal activities
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 furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC

Collectively known as the “Idea Group”
* Collectively known as the “Ocean Pride Group”

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

Idea Group

During the year, the recoverable amount of interests in the Idea Group was determined by the directors of the Company based on fair value less cost of disposal calculations.

As at 30 June 2022 and 2021, the recoverable amount of interests in the Idea Group exceeded its carrying amount based on the above assessment. Accordingly, no impairment loss on interest in associates is recognised in profit or loss.

21. INTERESTS IN ASSOCIATES (continued)

Summarised financial information in relation to the Idea Group is presented below:

	2022 HK$'000	2021 HK$'000
At 30 June		
Total non-current assets	–	–
Total current assets	3,535	34,114
Total current liabilities	(727)	(25,603)
Total non-current liabilities	–	–
Net assets	2,808	8,511
Proportion of effective interest held by the Group	49%	49%
Group's share of net assets of associates	1,376	4,170
For the year ended 30 June		
Revenue	444	764
Loss from operations	(5,660)	(2,911)
Other comprehensive income	(43)	5,105
Total comprehensive income for the year	(5,703)	2,194
Share of results of associates	(2,773)	(1,426)
Share of other comprehensive income of associates	(21)	2,501
Dividends receivable from associates	–	22,414

Ocean Pride Group

During the year, the recoverable amount of interests in the Ocean Pride Group was determined by the directors of the Company based on value-in-use calculations with reference to a professional valuation performed by Peak Vision. The calculation used cash flow projection based on the financial budgets approved by management covering a five-year period. The cash flow beyond the five-year period are extrapolated using a steady growth rate of 2% (2021: 3%), which is based on the relevant industry growth rate and does not exceed the average long-term growth rate for the business in which the associate operate. The pre-tax discount rate adopted in the calculation is 16.34% (2021: 15.88%).

21. INTERESTS IN ASSOCIATES (continued)

Ocean Pride Group (continued)

As at 30 June 2022 and 2021, the recoverable amount of interests in the Ocean Pride Group exceeded its carrying amount based on the above assessment. Accordingly, no impairment loss on interest in associates is recognised in profit or loss.

Summarised financial information in relation to the Ocean Pride Group is presented below:

	2022 HK$'000	2021 HK$'000
At 30 June		
Total non-current assets	7,718	40,727
Total current assets	53,491	75,950
Total current liabilities	(42,415)	(65,079)
Total non-current liabilities	(5,257)	(7,886)
Net assets	13,537	43,712
Proportion of effective interest held by the Group	17%	17%
Group's share of net assets of associates	2,301	7,430
For the year ended 30 June		
Revenue	91,059	130,958
Loss from operations	(29,633)	(2,262)
Other comprehensive income	(542)	1,171
Total comprehensive income for the year	(30,175)	(1,091)
Share of results of associates	(5,037)	(385)
Share of other comprehensive income of associates	(92)	199

22. INTERESTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net assets	**9,040**	24,267

Particulars of the Group's joint ventures as at 30 June 2022 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.

During the year, the recoverable amount of the Group's joint ventures was determined by the directors of the Company based on fair-value-less-costs-of-disposal basis with reference to a professional valuation performed by Peak Vision. The calculation used cash flow projection for a period of 17 years, discounted by the post-tax discount rate of 22.77% (2021: 22.79%). In determining the discount rate, the weighted average cost of capital was used, which is determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparables. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the commodity market are taken as reference.

As at 30 June 2022 and 2021, the recoverable amount of interests in the Group's joint ventures exceeded its carrying amount based on the above assessment. Accordingly, no impairment loss on interests in joint ventures is recognised in profit or loss.

22. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information in relation to the joint ventures is presented below:

	2022 HK$'000	2021 HK$'000
At 30 June		
Total non-current assets	112,883	264,821
Cash and cash equivalents	4	5
Other current assets	155	154
Total current assets	159	159
Total current liabilities	(12,668)	(12,431)
Total non-current liabilities	(9,975)	(9,880)
Net assets	90,399	242,669
Reconciliation to the Group's interests in joint ventures:		
Proportion of effective interest held by the Group	10%	10%
Group's share of net assets of the joint ventures	9,040	24,267
For the year ended 30 June		
Revenue	–	–
Exploration expenses	(34)	(34)
(Impairment loss)/reversal of impairment loss on mining right	(151,938)	119,027
Other expenses	(75)	(71)
(Loss)/profit for the year	(152,047)	118,922
Other comprehensive income	(223)	(41)
Total comprehensive income for the year	(152,270)	118,881
Share of results of joint ventures	(15,204)	11,892
Share of other comprehensive income of joint ventures	(22)	(4)

23. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	12,685	16,483
Work in progress	111	1,275
Finished goods	20,646	28,835
	33,442	46,593

During the year ended 30 June 2022, a write-down of inventories amounting to HK$109,000 (2021: reversal of write-down of inventories amounting to HK$629,000) is recorded in cost of sales as presented in the consolidated statement of profit or loss.

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

	2022 HK$'000	2021 HK$'000
Trade debtors, net	74,017	84,612
Loans receivable, net	160,017	146,123
Prepayments	5,651	3,446
Deposits and other receivables, net	21,063	49,812
VAT recoverable	10,267	7,865
	271,015	291,858
Less: Amount shown under non-current assets		
Other loans and receivables, net	(21,895)	(9,697)
Amount shown under current assets	249,120	282,161

(i) The Group usually grants credit period ranging from 30 to 60 days (2021: 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:

	2022 HK$'000	2021 HK$'000
Within 30 days	46,536	37,240
31 – 60 days	9,549	27,325
61 – 90 days	11,161	14,020
Over 90 days	6,771	6,027
	74,017	84,612

24. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(iii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**2,447**	2,259
(Reversal of expected credit loss)/expected credit loss recognised during the year, net	**(375)**	20
Disposal of subsidiaries	**–**	(7)
Exchange realignment	**(34)**	175
At end of year	**2,038**	2,447

As at 30 June 2022, allowance of HK$2,038,000 (2021: HK$2,447,000) were recognised, details of which are set out in Note 5(a)(i). The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services.

(iv) The aging analysis of net trade debtors based on past due date is as follows:

	2022 HK$'000	2021 HK$'000
Not yet past due	**56,047**	70,540
Past due 1–30 days	**12,338**	12,691
Past due 31–90 days	**4,579**	1,197
Past due more than 90 days	**1,053**	184
	74,017	84,612

Receivables that were not yet past due relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral over these balances.

24. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(v) As at 30 June 2022, included in debtors, other loans and receivables, deposits and prepayments mainly consisted of:

(a) Other loans receivable from nine (2021: seven) independent third parties with aggregate principal amount of HK$151,437,000 (2021: HK$138,457,000) and related interest receivables of HK$11,671,000 (2021: HK$11,897,000).

These loan receivables include both secured and unsecured loans to independent third parties, which carry interest at rates ranged from 5% to 13% (2021: 5% to 13%) per annum and are repayable with fixed terms agreed with the debtors. Secured loan receivables are secured by guarantee and collateral provided by independent third parties, where appropriate.

The directors of the Company are of the opinion that, after taking into account the past payment history, impairment loss on the loans receivable of HK$3,091,000 (2021: HK$4,231,000) was made at the end of the reporting period.

(b) Amounts due from financial institutions amounting to HK$5,293,000 (2021: HK$2,151,000) mainly represents the required margin deposits for the trading of copper future contracts (Note 27).

(c) An amount due from a joint venture amounted to HK$7,991,000 (2021: HK$10,479,000). As at 30 June 2022, the balance is secured by the shares of the joint ventures, interest-free and repayable on 31 October 2022.

(vi) The below table reconciled the impairment loss of other loans and receivables for the year:

	2022	2021
	HK$'000	HK$'000
At beginning of year	**30,692**	17,590
(Reversal of expected credit loss)/expected credit loss recognised during the year, net	**(2,239)**	11,680
Disposal of subsidiaries	**–**	(46)
Exchange realignment	**(518)**	1,468
At end of year	**27,935**	30,692

25. BILLS RECEIVABLE

Bills receivable generally have credit terms ranging from 3 to 6 months. No bills receivables as at 30 June 2022 and 2021 are past due.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Equity securities held for trading and listed in Hong Kong	6,798	5,091

Fair values of the listed equity securities are determined based on the quoted market prices in an active market. During the year ended 30 June 2022, a fair value loss of HK$5,079,000 (2021: a fair value gain of HK$1,823,000) and a net gain on disposal of HK$Nil (2021: HK$1,451,000) are recognised in profit or loss.

27. DERIVATIVE FINANCIAL LIABILITIES

Derivative not qualified for hedging

	2022 HK$'000	2021 HK$'000
Copper futures contracts	580	580

The major terms of the outstanding copper futures contracts of the Group which has not been designated as hedging instruments were as follows:

	2022	2021
Quantities (in tonnes)	75	150
Average price per tonne	US$9,263	US$9,371
Delivery period	September 2022	From August 2021 To September 2021
Fair value loss of copper futures contracts recognised as current liabilities (in HK$'000)	(580)	(580)

The net decrease in fair value of derivative financial instruments amounting to HK$734,000 (2021: HK$507,000) has been recognised in profit or loss during the year.

28. PLEDGE OF ASSETS

As at 30 June 2022, save as disclosed elsewhere in these financial statements, the Group has pledged the following assets to secure general banking facilities and other loans granted to the Group. The carrying amounts of these assets are analysed as follows:

	Notes	2022 HK$'000	2021 HK$'000
Property, plant and equipment	15	**181**	–
Investment properties	16	**691,145**	364,263
Right-of-use assets	17	**186**	–
Pledged bank deposits		**–**	72,150
		691,512	436,413

29. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods ranging from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the bank balances and cash approximate their fair values.

	2022 HK$'000	2021 HK$'000
Bank balances and cash were denominated in the following currencies:		
RMB	**63,790**	51,200
HK$	**3,827**	11,619
U.S. Dollars	**2,943**	3,712
EURO	**131**	40
Mongolian Tughrik	**655**	382
	71,346	66,953

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

30. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2022 HK$'000	2021 HK$'000
Trade creditors	**54,731**	84,702
Contract liabilities (Note (i))	**7,282**	4,945
Other payables and accruals	**79,982**	86,923
Rental received in advance	**35,061**	27,571
	177,056	204,141
Less: Amount shown under non-current liabilities		
Other payables	**(27,491)**	(22,723)
Rental received in advance	**(34,768)**	(27,270)
	(62,259)	(49,993)
Amount shown under current liabilities	**114,797**	154,148

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

	2022 HK$'000	2021 HK$'000
0 – 30 days	**37,393**	43,524
31 – 60 days	**6,251**	19,037
61 – 90 days	**3,576**	8,841
Over 90 days	**7,511**	13,300
	54,731	84,702

Note (i): Contract liabilities primarily relate to the advances received from customers for sale of goods. The advances remain as contract liabilities until they are recognised as revenue when control of goods is transferred to the customers. Typical payment terms which impact on the amount of contract liabilities are set out in Note 3.

30. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES (continued)

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

	2022 HK$'000	2021 HK$'000
At the beginning of year	4,945	1,418
Cash received	7,282	4,913
Recognised as revenue	(4,912)	(1,418)
Exchange realignment	(33)	32
At the end of year	7,282	4,945

HK$4,912,000 of the contract liabilities as at 1 July 2021 were recognised as revenue for the year ended 30 June 2022 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2022 were expected to be recognised as revenue in the next 12 months. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contract which has an original expected duration of one year or less is not disclosed.

31. BORROWINGS

	2022 HK$'000	2021 HK$'000
Current:		
Bank loans, secured	130,037	190,236
Other loans, secured	50,000	50,000
	180,037	240,236
Non-current:		
Bank loans, secured	156,982	20,443

The effective interest rates for the bank loans ranged from 1.5% to 7.6% (2021: 1.5% to 7.6%) per annum. The effective interest rate for other loans is 10.8% (2021: 11.5%) per annum.

All borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

31. BORROWINGS (continued)

The Group's bank loans are secured by the pledge of certain investment properties and bank deposits amounting to HK$638,945,000 (2021: HK$313,363,000) and HK$Nil (2021: HK$72,150,000) respectively; corporate guarantees from the Company and its certain subsidiaries; and personal guarantee executed by the Directors of the Group, Mr. Chau Lai Him and Chau Chi Ho. The other loans are secured by the pledge of certain property, plant and equipment, investment properties and right-of-use assets amounting to HK$181,000 (2021: HK$ Nil), HK$52,200,000 (2021: HK$50,900,000) and HK$186,000 (2021: HK$Nil); and corporate guarantees from the Company.

At 30 June 2022, total current and non-current bank loans were scheduled to repay as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	130,037	190,236
More than one year, but not exceeding two years	14,058	1,203
More than two years, but not exceeding five years	142,924	19,240
	287,019	210,679

At 30 June 2022, total current and non-current other loans were scheduled to repay as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	50,000	50,000

32. PROMISSORY NOTES

On 30 April 2020, the Company issued promissory note with principal amount of HK$15,000,000 as the consideration to acquire 17% equity interest of Ocean Pride Ventures Limited, of which HK$7,000,000 was redeemed in a prior year. 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 year ended 30 June 2022, the maturity date was further extended to 29 May 2022. On 29 April 2022, its principal amount and accrued interest were fully paid in cash by the Company.

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:

	2022	2021
	HK$'000	HK$'000
At 1 July	**8,960**	8,251
Imputed interest	**421**	709
Redemption	**(8,000)**	–
Interest paid	**(1,381)**	–
At 30 June	**–**	8,960

33. DEFERRED TAX ASSETS AND LIABILITIES

The following is the major deferred tax assets/(liabilities) recognised by the Group and their movements:

	Unused tax losses HK$'000	Investment properties HK$'000	Properties HK$'000	Total HK$'000
1 July 2020	–	(29,406)	(39,686)	(69,092)
Charged to profit or loss (Note 11)	–	(20,779)	–	(20,779)
Disposal of subsidiaries (Note 34)	–	4,049	4,744	8,793
Exchange realignment	–	(3,329)	(3,783)	(7,112)
At 30 June 2021 and 1 July 2021	**–**	**(49,465)**	**(38,725)**	**(88,190)**
Credited/(charged) to profit or loss (Note 11)	**12,877**	**(1,260)**	**–**	**11,617**
Exchange realignment	**–**	**645**	**1,667**	**2,312**
At 30 June 2022	**12,877**	**(50,080)**	**(37,058)**	**(74,261)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**12,877**	–
Deferred tax liabilities	**(87,138)**	(88,190)
	(74,261)	(88,190)

As at 30 June 2022, the Group has unused tax losses of HK$279,292,000 (2021: HK$244,452,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$78,041,000 (2021: HK$ Nil) for such losses. No deferred tax assets has been recognised in respect of the remaining tax losses of HK$201,251,000 (2021: HK$244,452,000) due to unpredictability of future profit streams. As at 30 June 2022, tax losses of HK$212,939,000 (2021: HK$219,404,000) may be carried forward indefinitely and the remaining amount would expire in five years from the respective dates of incurrence.

As at 30 June 2022 and 2021, the Group's subsidiaries established in the PRC have no unremitted earnings that are subject to withholding taxes.

34. DISPOSAL OF SUBSIDIARIES

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

During the year ended 30 June 2021, the disposal of equity interest in the Disposal DGXB was completed.

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

	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)
Net assets disposed of	46,302
Cumulative exchange differences in respect of the net assets of the Disposal DGXB reclassified from equity to profit or loss on loss of control of the Disposal DGXB	3,061
Loss on disposal	(4,903)
Total consideration	44,460
Net cash inflow arising on disposal:	
Cash consideration (Note)	44,460
Less: Cash and bank balances disposed of	(1,329)
Net cash inflows	43,131

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

34. DISPOSAL OF SUBSIDIARIES (continued)

(b) During the year ended 30 June 2021, the Group also disposed of its 51% equity interest in a subsidiary Dongguan Youpin Business Development Company Limited and its subsidiary at a cash consideration of HK$1, to the existing 49% equity owner (the "**Disposal DGYP**"). The Disposal DGYP is dormant prior to the disposal.

On 6 January 2021, the disposal of equity interest in the Disposal DGYP was completed. Cumulative exchange differences in respect of the net assets of the Disposal DGYP reclassified from equity to profit or loss on loss of control of the Disposal DGYP of HK$362,000 and gain on disposal of HK$247,000 are recognised in the profit or loss during the year ended 30 June 2021.

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

35. SHARE CAPITAL

	Number of shares		Nominal value	
	2022	2021	**2022**	2021
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each:				
At beginning and end of the year	**50,000,000**	50,000,000	**500,000**	500,000
Issued and fully paid:				
At beginning and end of the year	**2,374,532**	2,374,532	**23,745**	23,745

36. 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, which was approved at the annual general meeting held on 6 December 2019, representing 10% of the issued share capital as at 30 June 2021 and 2022.

The following share options were outstanding under the scheme during the year:

	Weighted average exercise price 2022 HK$	**Number 2022**	Weighted average exercise price 2021 HK$	Number 2021
Outstanding at 1 July	**0.100**	**53,800,000**	0.106	192,020,000
Lapsed during the year	**0.100**	**(53,800,000)**	0.108	(138,220,000)
Outstanding at 30 June	**–**	**–**	0.100	53,800,000

No share options were granted during the year ended 30 June 2022 and 2021. During the year ended 30 June 2022, 53,800,000 share options lapsed. As at 30 June 2022, the Company did not have any outstanding share option under the Scheme accordingly (2021: 53,800,000).

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2022** **HK$'000**	2021 HK$'000
Non-current assets			
Interests in subsidiaries		**595,708**	621,160
Right-of-use assets		**1,269**	3,174
Total non-current assets		**596,977**	624,334
Current assets			
Deposits and prepayments		**974**	1,051
Bank balances and cash		**2,371**	2,335
Total current assets		**3,345**	3,386
Current liabilities			
Other advances and accrued charges		**1,840**	1,518
Lease liabilities		**1,316**	1,886
Promissory notes		**–**	8,960
Total current liabilities		**3,156**	12,364
Net current assets/(liabilities)		**189**	(8,978)
Total assets less current liabilities		**597,166**	615,356
Non-current liabilities			
Lease liabilities		**–**	1,316
Total non-current liabilities		**–**	1,316
Total net assets		**597,166**	614,040
EQUITY			
Capital and reserves			
Share capital	35	**23,745**	23,745
Reserves	38	**573,421**	590,295
Total equity		**597,166**	614,040

38. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2020	1,828,432	763,907	8,734	(1,999,834)	601,239
Loss and total comprehensive income for the year	–	–	–	(10,944)	(10,944)
Lapse of share options	–	–	(7,216)	7,216	–
At 30 June 2021 and 1 July 2021	**1,828,432**	**763,907**	**1,518**	**(2,003,562)**	**590,295**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(16,874)**	**(16,874)**
Lapse of share options	**–**	**–**	**(1,518)**	**1,518**	**–**
At 30 June 2022	**1,828,432**	**763,907**	**–**	**(2,018,918)**	**573,421**

39. NON-CONTROLLING INTERESTS

During the year ended 30 June 2021, Xin Bao, a 89.62%-owned subsidiary, has material non-controlling interests ("**NCI**"). The NCI of all other subsidiaries that are not wholly-owned by the Group are considered to be immaterial.

Upon the disposal of Xin Bao during the year ended 30 June 2021 as set out in Note 34, Zhou's Marble, a 80%-owned subsidiary of the Company, became the most significant NCI of the Group.

39. NON-CONTROLLING INTERESTS (continued)

Summarised financial information in relation to the NCIs of Xin Bao and Zhou's Marble in the respective years, before intra-group eliminations, is presented below:

2022

	Zhou's Marble HK$'000
STATEMENT OF FINANCIAL POSITION	
Current assets	6,139
Non-current assets	90,593
Current liabilities	(76,050)
Non-current liabilities	(25,712)
Net liabilities	(5,030)
Accumulated NCI	(1,006)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Revenue	–
Profit and total comprehensive income for the year	5,255
Profit allocated to NCI	1,025
Cash flows generated from operating activities	5,596
Cash flows used in financing activities	(5,590)
Net cash inflows	6

39. NON-CONTROLLING INTERESTS (continued)

2021

	Xin Bao HK$'000	Zhou's Marble HK$'000
STATEMENT OF FINANCIAL POSITION		
Current assets	–	13,075
Non-current assets	–	87,073
Current liabilities	–	(84,294)
Non-current liabilities	–	(26,115)
Net liabilities	–	(10,261)
Accumulated NCI	–	(2,052)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	911	–
Profit/(loss) and total comprehensive income for the year	127,922	(6,050)
Profit/(loss) allocated to NCI	13,443	(1,100)
Cash flows used in operating activities	(1,339)	(482)
Cash flows used in investing activities	–	(125)
Cash flows generated from financing activities	2,596	601
Net cash inflows/(outflows)	1,257	(6)

40. CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of acquisition of:		
Buildings	**191,138**	228,244

41. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total expenses recognised in profit or loss of HK$4,751,000 (2021: HK$3,312,000) represent contributions paid/payable to these schemes by the Group in the year. As at 30 June 2022, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2021: Nil).

42. RELATED PARTY TRANSACTIONS

Same as disclosed elsewhere in these financial statements, the Group did not have other material transactions with related parties.

Members of key management personnel of the Group during the year comprised only of the directors whose remuneration is set out in Note 9.

43. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

Capital structure of the Group comprises equity plus debts raised by the Group, including borrowings and promissory notes, net with bank balances and cash. The Group's management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or redemption of existing debts. No change was made in the objectives, policies or processes for managing capital during the year ended 30 June 2022.

43. CAPITAL RISK MANAGEMENT (continued)

The net debt to equity ratio at the end of reporting period was as follows:

	2022 HK$'000	2021 HK$'000
Debts	337,019	269,639
Less: bank balances and cash	(71,346)	(66,953)
Net debts	265,673	202,686
Total equity	1,088,680	1,198,550
Net debt to equity ratio	24.4%	16.9%

44. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORIES

The carrying amounts of the Group's financial assets and liabilities as recognised at 30 June 2022 and 2021 are analysed into the following categories.

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at amortised cost		
– Debtors, other loans and receivables and deposits	255,097	280,547
– Bills receivable	865	1,189
– Pledged bank deposits	–	72,150
– Bank balances and cash	71,346	66,953
Financial assets at FVTPL		
– Equity investments	6,798	5,091
Financial liabilities		
Financial liabilities at amortised cost		
– Creditors, other advances and accrued charges	134,713	171,625
– Borrowings	337,019	260,679
– Promissory notes	–	8,960
Other financial liabilities		
– Lease liabilities	1,991	3,202
Financial liabilities at FVTPL		
– Derivative financial liabilities	580	580

45. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the year ended 30 June 2021, the Group acquired further 49% equity interest in China Co-Op International Trading Company Limited ("**China Co-Op**") at a consideration of HK$490 which was satisfied by payment of cash, pursuant to which China Co-Op became a wholly-owned subsidiary of the Group. Upon the acquisition, the difference of approximately HK$55,000 between the proportionate share of the carrying amount of its net assets and the capital injection for an additional interest has been debited to accumulated losses.

46. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the following event took place subsequently to 30 June 2022:

On 28 July 2022, Chau's Electrical Company Limited ("**Chau's Hong Kong**"), a wholly owned subsidiary of the Group, entered into sale and purchase agreements with independent purchasers pursuant to which Chau's Hong Kong has agreed to dispose of its property and carpark at a consideration of HK$50,000,000 and HK$2,500,000 respectively (the "**Disposal**"). Up to the date of these financial statements, the Disposal has not been completed.

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Interest payable on borrowings# HK$'000	Borrowings HK$'000	Promissory notes HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 July 2021	–	260,679	8,960	3,202	272,841
Changes from cash flows:					
Proceeds from new bank loans	–	275,695	–	–	275,695
Repayment of bank loans	–	(191,295)	–	–	(191,295)
Interest element of lease rentals paid	–	–	–	(129)	(129)
Capital element of lease rentals paid	–	–	–	(1,993)	(1,993)
Redemption of promissory notes	–	–	(8,000)	–	(8,000)
Interest paid	(20,720)	–	(1,381)	–	(22,101)
Total changes from financing cash flows:	(20,720)	84,400	(9,381)	(2,122)	52,177
Exchange differences	–	(8,060)	–	–	(8,060)
Other changes:					
Imputed interest on promissory notes	–	–	421	–	421
Interest expenses	20,720	–	–	129	20,849
New leases	–	–	–	782	782
Total other changes	20,720	–	421	911	22,052
At 30 June 2022	–	337,019	–	1,991	339,010

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Interest payable on borrowings# HK$'000	Borrowings HK$'000	Promissory notes HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 July 2020	–	174,638	8,251	2,894	185,783
Changes from cash flows:					
Proceeds from new bank loans	–	184,825	–	–	184,825
Repayment of bank loans	–	(108,362)	–	–	(108,362)
Repayment of other loans	–	(4,050)	–	–	(4,050)
Interest element of lease rentals paid	–	–	–	(123)	(123)
Capital element of lease rentals paid	–	–	–	(2,596)	(2,596)
Interest paid	(15,043)	–	–	–	(15,043)
Total changes from financing cash flows:	(15,043)	72,413	–	(2,719)	54,651
Exchange differences	–	13,628	–	–	13,628
Other changes:					
Imputed interest on promissory notes	–	–	709	–	709
Interest expenses	15,043	–	–	123	15,166
Modification of leases	–	–	–	(904)	(904)
New leases	–	–	–	3,808	3,808
Total other changes	15,043	–	709	3,027	18,779
At 30 June 2021	–	260,679	8,960	3,202	272,841

Interest payable on borrowings is included in creditors, other advances and accrued charges as presented in the consolidated statement of financial position.

PARTICULARS OF PROPERTIES

Properties held for investment	Type	Lease term
A factory complex erected on a parcel of land located at Qiaozi Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located at Butian, Tangjiao District, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
Workshop 7 on 2nd Floor and Car Park No. L5 on 1st Floor Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong	Industrial	Medium
A factory complex erected on a parcel of land known as Lot No. Zhujiajiao Town 3-1 Qiu, located at No. 6118 of Huqingping Highway, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located in Beihuan Road, Changping Town, Dongguan City Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land known as Lot No. 1924130100056 located at Songbaitang Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
Stone Industry Base located at the eastern side of K17 Lingtang of Provincial Highway S287, Tangpeng Town, Lianjiang City, Guangdong Province, the PRC	Industrial	Medium

FINANCIAL SUMMARY

RESULTS

The Group

	Year ended 30 June 2022 HK$'000	Year ended 30 June 2021 HK$'000	Year ended 30 June 2020 HK$'000	Year ended 30 June 2019 HK$'000	Year ended 30 June 2018 HK$'000
Revenue	**471,521**	433,049	288,271	317,134	395,380
(Loss)/profit before taxation	**(112,639)**	188,631	(144,830)	(297,291)	(80,307)
Income tax credit/(expense)	**11,446**	(20,779)	1,111	(5,545)	(5,368)
(Loss)/profit for the year	**(101,193)**	167,852	(143,719)	(302,836)	(85,675)
(Loss)/profit attributable to:					
Owners of the Company	**(102,218)**	156,346	(142,259)	(301,963)	(85,639)
Non-controlling interests	**1,025**	11,506	(1,460)	(873)	(36)
	(101,193)	167,852	(143,719)	(302,836)	(85,675)

Assets and liabilities

	At 30 June 2022 HK$'000	At 30 June 2021 HK$'000	At 30 June 2020 HK$'000	At 30 June 2019 HK$'000	At 30 June 2018 HK$'000
Total assets	**1,692,464**	1,764,302	1,380,109	1,401,161	1,654,087
Total liabilities	**(603,784)**	(565,752)	(371,243)	(287,140)	(254,059)
	1,088,680	1,198,550	1,008,866	1,114,021	1,400,028
Attributable to:					
Owners of the Company	**1,089,342**	1,200,263	1,017,371	1,122,244	1,408,706
Non-controlling interests	**(662)**	(1,713)	(8,505)	(8,223)	(8,678)
	1,088,680	1,198,550	1,008,866	1,114,021	1,400,028