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SOLARTECH INTERNATIONAL HOLDINGS LIMITED
星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2022/2023 ANNUAL RESULTS ANNOUNCEMENT AND VOLUNTARY ANNOUNCEMENT LITIGATION INVOLVING AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY

The Board of Directors (the "**Directors**" or "**Board**") of Solartech International Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2023 together with last year's comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	3	**374,316**	471,521
Cost of sales		**(362,161)**	(404,843)
Gross profit		**12,155**	66,678
Interest income		**13,985**	14,238
Other income and other losses, net		**217**	(1,131)
General and administrative expenses		**(61,628)**	(73,101)
Selling and distribution expenses		**(7,650)**	(7,413)
Finance costs	6	**(19,768)**	(21,270)
Change in fair value of derivative financial instruments, net		**62**	(734)
Change in fair value of investment properties, net	10	**(1,262)**	6,342
Change in fair value of financial assets at fair value through profit or loss, net		**(533)**	(5,079)
(Expected credit loss)/reversal of expected credit loss recognised, net		**(4,609)**	2,614
Impairment loss on intangible asset	12	**(92,044)**	(70,769)
Gain on disposal of a subsidiary	18	**4,606**	–
Share of results of associates		**(643)**	(7,810)
Share of results of joint ventures		**(7,086)**	(15,204)

* *For identification purposes only*

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Loss before taxation	5	**(164,198)**	(112,639)
Income tax (expense)/credit	7	**(12,561)**	11,446
Loss for the year		**(176,759)**	(101,193)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(17,726)**	(8,542)
Reclassification adjustment on exchange difference for foreign operation disposed of during the year	18	**(5,766)**	–
Share of other comprehensive income of associates		**(277)**	(113)
Share of other comprehensive income of joint ventures		**3**	(22)
Other comprehensive income for the year		**(23,766)**	(8,677)
Total comprehensive income for the year		**(200,525)**	(109,870)
Loss attributable to:			
Owners of the Company		**(176,246)**	(102,218)
Non-controlling interests		**(513)**	1,025
		(176,759)	(101,193)
Total comprehensive income attributable to:			
Owners of the Company		**(200,138)**	(110,921)
Non-controlling interests		**(387)**	1,051
		(200,525)	(109,870)
Loss per share:			
– Basic and diluted *(HK$)*	9	**(0.074)**	(0.043)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**17,709**	21,458
Investment properties	10	**669,164**	767,219
Right-of-use assets	11	**8,414**	7,907
Intangible asset	12	**394,772**	486,820
Interests in associates	13	**2,757**	3,677
Interests in joint ventures	14	**1,956**	9,040
Other loans and receivables	15	**–**	21,895
Deferred tax assets		**–**	12,877
Total non-current assets		**1,094,772**	1,330,893
Current assets			
Inventories		**23,818**	33,442
Debtors, other loans and receivables, deposits and prepayments	15	**235,214**	249,120
Bills receivable		**1,461**	865
Financial assets at fair value through profit or loss		**5,930**	6,798
Bank balances and cash		**85,665**	71,346
Total current assets		**352,088**	361,571
Current liabilities			
Creditors, other advances and accrued charges	16	**212,309**	114,797
Borrowings		**129,177**	180,037
Derivative financial liabilities		**177**	580
Lease liabilities	11	**1,262**	1,760
Total current liabilities		**342,925**	297,174
Net current assets		**9,163**	64,397
Total assets less current liabilities		**1,103,935**	1,395,290

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	11	**1,798**	231
Other payables and advances	16	**7,334**	62,259
Borrowings		**131,764**	156,982
Deferred tax liabilities		**74,884**	87,138
Total non-current liabilities		**215,780**	306,610
Total net assets		**888,155**	1,088,680
EQUITY			
Capital and reserves			
Share capital		**23,745**	23,745
Reserves		**865,459**	1,065,597
Equity attributable to owners of the Company		**889,204**	1,089,342
Non-controlling interests		**(1,049)**	(662)
Total equity		**888,155**	1,088,680

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Property revaluation reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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
Profit 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

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve fund *HK$'000*	Property revaluation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2022	**23,745**	**1,828,432**	**612,360**	**900**	**4,878**	**108,253**	**-**	**(1,489,226)**	**1,089,342**	**(662)**	**1,088,680**
Loss for the year	-	-	-	-	-	-	-	(176,246)	(176,246)	(513)	(176,759)
Exchange difference on translation of foreign operations	-	-	-	(17,852)	-	-	-	-	(17,852)	126	(17,726)
Reclassification adjustment on exchange difference for foreign operation disposed during the year	-	-	-	(5,766)	-	-	-	-	(5,766)	-	(5,766)
Share of other comprehensive income of associates	-	-	-	(277)	-	-	-	-	(277)	-	(277)
Share of other comprehensive income of joint ventures	-	-	-	3	-	-	-	-	3	-	3
Total comprehensive income for the year	-	-	-	(23,892)	-	-	-	(176,246)	(200,138)	(387)	(200,525)
Disposal of a subsidiary	-	-	-	-	-	(2,172)	-	2,172	-	-	-
Release upon disposal of investment properties	-	-	-	-	-	(6,180)	-	6,180	-	-	-
At 30 June 2023	**23,745**	**1,828,432**	**612,360**	**(22,992)**	**4,878**	**99,901**	**-**	**(1,657,120)**	**889,204**	**(1,049)**	**888,155**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. ORGANISATION AND OPERATIONS

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, trading of copper rods, investment properties, provision of financing service and holding of mining right. Its associates are engaged in research, development, processing and sales of some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC. Its joint ventures are engaged in holding of mining right. The Company, together with its subsidiaries 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 2022

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) (the "**2020 Amendments**")[2,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)[2]
HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 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

4 As a consequence of the amendments to the 2020 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the requirements for classifying liabilities as current or non-current, in particular that determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that an entity will exercise its right to defer settlement of a liability. The amendments also clarify the situations that are considered a settlement of a liability.

In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Earlier application is permitted.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Estimate

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 do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

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

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

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

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

Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback (amendments)

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., January 1, 2019). Earlier application is permitted.

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

HKFRS 17 – Insurance Contracts and related Amendments

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

Amendments in 2020 introduced changes to simplify some of the requirements; make financial performance easier to explain and ease transition by providing addition transition reliefs. Amendments in 2022 introduced a transition option related to comparative information about financial assets presented on initial application of HKFRS 17 to avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

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

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk in response to investors' concerns that some entities' SFA are not sufficiently visible, hindering investors' analysis.

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

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 do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

3. REVENUE

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Sales of goods	**362,204**	458,085
Revenue from other sources:		
Rental income	**12,112**	13,436
	374,316	471,521

4. SEGMENTAL INFORMATION

(a) Reportable segments

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

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

(i) manufacture and trading of cables and wires;

(ii) trading of copper rods; and

(iii) investment properties.

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2022 and 2023 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 gain on disposal of right-of-use assets, change in fair value of derivative financial instruments, impairment loss on intangible asset of mining right, share of results of associates and joint ventures as well as head office and corporate expenses are excluded from such measurement.

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

For the year ended 30 June 2023

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Revenue from external customer	**205,120**	**157,084**	**12,112**	**374,316**
Inter-segment revenue	**–**	**–**	**–**	**–**
Reportable segment revenue	**205,120**	**157,084**	**12,112**	**374,316**
Reportable segment (loss)/profit	**(38,687)**	**(10,157)**	**8,657**	**(40,187)**
Finance costs	**(8,966)**	**(8,960)**	**(1,703)**	**(19,629)**
Change in fair value of derivative financial instruments, net	**226**	**–**	**–**	**226**
Change in fair value of investment properties, net	**–**	**–**	**(1,262)**	**(1,262)**
Loss on disposal of property, plant and equipment				
– allocated	**(910)**	**–**	**–**	**(910)**
– unallocated				**(30)**
				(940)
Loss on disposal of investment properties	**–**	**–**	**(2,200)**	**(2,200)**
Reversal of expected credit loss/(expected credit loss) recognised, net				
– allocated	**2,029**	**(6)**	**(1,206)**	**817**
– unallocated				**(5,426)**
				(4,609)
Depreciation of right-of-use assets				
– allocated	**(4)**	**(184)**	**–**	**(188)**
– unallocated				**(1,886)**
				(2,074)
Depreciation of property, plant and equipment				
– allocated	**(3,458)**	**(216)**	**(73)**	**(3,747)**
– unallocated				**(277)**
				(4,024)
Income tax (expense)/credit	**(12,877)**	**316**	**–**	**(12,561)**

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	5187	–	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

As at 30 June 2023

	Cables and wires ***HK$'000***	**Copper rods** ***HK$'000***	**Investment properties** ***HK$'000***	**Total** ***HK$'000***
Reportable segment assets	**295,305**	**54,753**	**672,949**	**1,023,007**
Additions to non-current assets	**–**	**1,480**	**38,156**	**39,636**
Reportable segment liabilities	**208,768**	**29,364**	**233,135**	**471,267**

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

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

	2023 ***HK$'000***	2022 *HK$'000*
For the year ended 30 June		
Loss before taxation		
Reportable segment (loss)/profit	**(40,187)**	13,245
Gain on disposal of right-of-use assets	**1,809**	–
Change in fair value of derivative financial instruments	**(164)**	(513)
Impairment loss on intangible assets	**(92,044)**	(70,769)
Share of results of associates	**(643)**	(7,810)
Share of results of joint ventures	**(7,086)**	(15,204)
Unallocated finance costs	**(139)**	(550)
Unallocated corporate expenses	**(25,744)**	(31,038)
Consolidated loss before taxation	**(164,198)**	(112,639)
At 30 June		
Assets		
Reportable segment assets	**1,023,007**	1,151,491
Intangible asset	**394,772**	486,820
Interests in associates	**2,757**	3,677
Interests in joint ventures	**1,956**	9,040
Deferred tax assets	**–**	12,877
Unallocated bank balances and cash	**4,175**	4,130
Unallocated corporate assets	**20,193**	24,429
Consolidated total assets	**1,446,860**	1,692,464
Liabilities		
Reportable segment liabilities	**471,267**	509,923
Deferred tax liabilities	**74,884**	87,138
Unallocated corporate liabilities	**12,554**	6,723
Consolidated total liabilities	**558,705**	603,784

(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	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**264,041**	290,260	**690,149**	742,009
Americas	**29,548**	44,677	**–**	–
Europe	**33,770**	75,413	**–**	–
Hong Kong	**17,977**	37,053	**5,138**	54,572
Mongolia	**–**	–	**396,728**	495,863
Others	**28,980**	24,118	**2,757**	3,677
	374,316	471,521	**1,094,772**	1,296,121

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 2023

	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	**205,120**	**157,084**	**–**	**362,204**
Transferred over time	**–**	**–**	**–**	**–**
	205,120	**157,084**	**–**	**362,204**
Revenue from other sources	**–**	**–**	**12,112**	**12,112**
	205,120	**157,084**	**12,112**	**374,316**

For the year ended 30 June 2022

	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	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

(e) Information about major customers

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

	2023 ***HK$'000***	2022 *HK$'000*
Copper rods segment		
Customer A	**51,344**	62,400
Customer B	**45,950**	N/A*
Customer C	**N/A***	51,657

* The corresponding customers did not contribute over 10% of the total revenue of the Group for the respective years.

5. LOSS BEFORE TAXATION

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**2,150**	2,150
Depreciation of property, plant and equipment	**4,024**	4,896
Depreciation of right-of-use assets	**2,074**	2,205
Carrying amount of inventories sold	**361,445**	404,734
Write-down of inventories	**716**	109
Cost of inventories recognised as expenses *(Note)*	**362,161**	404,843
Short term lease expenses	**–**	630
Direct operating expenses arising from investment properties that generate rental income during the year	**2**	149
Loss on disposal of property, plant and equipment	**940**	2,218
Loss on disposal of investment properties	**2,200**	–
Gain on disposal of right-of-use assets	**(1,809)**	–
Exchange difference, net	**(5,011)**	2,832
Government subsidies	**(304)**	(152)
Research and development expenses	**15,466**	17,862
Staff costs (including directors' remuneration)	**45,441**	69,945

Note: Included in cost of inventories recognised as expenses is HK$26,258,000 (2022: HK$32,118,000) relating to staff costs and depreciation of property, plant and equipment. The amounts are also included in the respective total amounts as separately disclosed above.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on borrowings	**19,630**	20,720
Interest on lease liabilities *(Note 11)*	**138**	129
Imputed interest on promissory notes *(Notes 17)*	**–**	421
	19,768	21,270

7. INCOME TAX EXPENSE/(CREDIT)

	2023	2022
	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	**12,561**	(11,617)
	12,561	(11,446)

For the year ended 30 June 2023, no provision for Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong. For the year ended 30 June 2022, no provision for Hong Kong profits tax has been provided as there is sufficient tax losses to offset with the assessable profits.

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.

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.

8. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2023 and 2022.

9. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(176,246)**	(102,218)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,374,532,340**	2,374,532,340

There was no movement on the number of ordinary shares in issue during the year. The weighted average number of ordinary shares used for the purposes of calculating the basic loss per share for the years ended 30 June 2023 and 2022 are 2,374,532,340.

The computation of diluted loss per share for the years ended 30 June 2023 and 2022 does not assume the subscription of the Company's outstanding potential dilutive ordinary share as they were anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the years ended 30 June 2023 and 2022.

10. INVESTMENT PROPERTIES

	Completed investment properties *HK$'000*	Investment properties under construction *HK$'000*	Total *HK$'000*
At 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 and 1 July 2022	**362,592**	**404,627**	**767,219**
Additions	**–**	**38,156**	**38,156**
Change in fair value	**(17,669)**	**16,407**	**(1,262)**
Disposals	**(52,200)**	**–**	**(52,200)**
Disposal of a subsidiary *(Note 18)*	**(26,870)**	**–**	**(26,870)**
Exchange realignment	**(22,027)**	**(33,852)**	**(55,879)**
At 30 June 2023	**243,826**	**425,338**	**669,164**

11. LEASES

(a) The Group as lessee

The Group has lease contracts for office buildings and motor vehicles. 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 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 and 1 July 2022	**5,910**	**1,270**	**727**	**7,907**
Additions	**–**	**3,135**	**–**	**3,135**
Disposals	**(115)**	**–**	**–**	**(115)**
Depreciation	**(188)**	**(1,705)**	**(181)**	**(2,074)**
Exchange realignment	**(439)**	**–**	**–**	**(439)**
As at 30 June 2023	**5,168**	**2,700**	**546**	**8,414**

As at 30 June 2023, the Group pledged right-of-use assets with net book value of HK$Nil (2022: HK$186,000) to secure the borrowings of the Group.

(ii) Lease liabilities

	2023	2022
	HK$'000	*HK$'000*
At 1 July	**1,991**	3,202
New leases	**3,135**	782
Interest expenses	**138**	129
Lease payments	**(2,204)**	(2,122)
At 30 June	**3,060**	1,991
Classified under:		
Non-current portion	**1,798**	231
Current portion	**1,262**	1,760
	3,060	1,991

At 30 June 2023, the undiscounted lease payments by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2023		
	Future lease payments	**Interest**	**Present value**
	HK$'000	***HK$'000***	***HK$'000***
Within one year	**1,435**	**173**	**1,262**
After one year but within two years	**1,200**	**90**	**1,110**
After two years but within five years	**700**	**12**	**688**
	3,335	**275**	**3,060**

	2022		
	Future lease payments	Interest	Present value
	HK$'000	*HK$'000*	*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

(iii) Information in relation to short term leases

	2023	2022
	HK$'000	*HK$'000*
Short term lease expenses	**–**	630
Aggregate undiscounted commitments for short term leases	**–**	115

(b) The Group as lessor

The Group leases out its investment properties under operating lease arrangements with leases negotiated for initial period ranging from one year to ten years (2022: one year to fifteen years). As at 30 June 2023, the Group had contracted with tenants for the following future lease payments receivable:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**7,770**	13,389
In the second year	**6,674**	28,170
In the third year	**223**	26,980
In the fourth year	**82**	20,477
In the fifth year	**82**	21,805
Over five years	**124**	249,645
	14,955	360,466

12. INTANGIBLE ASSET

	Mining right
	HK$'000
COST:	
At 1 July 2021	1,167,689
Exchange realignment	29
At 30 June 2022 and 1 July 2022	**1,167,718**
Exchange realignment	**(4)**
At 30 June 2023	**1,167,714**
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2021	610,129
Impairment	70,769
At 30 June 2022 and 1 July 2022	**680,898**
Impairment	**92,044**
At 30 June 2023	**772,942**
NET CARRYING AMOUNT:	
At 30 June 2023	**394,772**
At 30 June 2022	486,820

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 2023, 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. 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 2023, management analysed changes in the economic environment and performed an impairment test for Mining CGU at 30 June 2023 using the following key assumptions to determine the recoverable amount:

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

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

- Budgeted average gross margins 52% in the cash flow projection periods based on management expectations of market development and estimated mineral resources reserves based on technical report;

- The unit market price of copper cathode was US$7,538 per tonne with reference to the future copper price at the end of each forecast period predicted by the World Bank;

- The post-tax discount rate was estimated in real terms based on the weighted average cost of capital basis and was 24.52%. In determining the discount rate, the weighted average cost of capital was used, which is based on capital asset pricing model and determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparable;

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

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

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

- A 10% reduction in the projected copper price level would result in a decrease in the recoverable amount by 26% and would lead to an additional impairment of HK$100,923,000; and

- A 10% increase in the post-tax discount rate (i.e. increased from 24.52% to 26.97%) would result in a decrease in the recoverable amount by 15% and would lead to an additional impairment of HK$59,890,000.

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

As at 30 June 2023, in view of the continuously decrease in the copper price and increase in the Mongolia inflation rate, the recoverable amount of the Mining CGU is HK$394,772,000, which is lower than the carrying amount of HK$486,816,000. Accordingly, impairment losses on Mining CGU of approximately HK$92,044,000 is recognised in profit or loss for the year ended 30 June 2023. The impairment loss is primary attributed to the decrease in the recoverable amount of the Mining CGU, which is due to the decrease in copper price and increase in Mongolia inflation rate, and hence a corresponding decrease in future net cash inflows.

As at 30 June 2022, in view of the continuously decrease in the 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 was primary attributed to the decrease in the recoverable amount of the Mining CGU, which was due to the significant decrease in copper price and hence a corresponding decrease in future cash inflows.

13. INTERESTS IN ASSOCIATES

	2023	2022
	HK$'000	*HK$'000*
Share of net assets	**2,757**	3,677

Particulars of the Group's associates as at 30 June 2023 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
江門市博林照明科技有限公司*	Limited liability company	PRC	17% (indirect)	Research, development, processing and sales of some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC
中山市博林電子科技有限公司*	Limited liability company	PRC	17% (indirect)	Research, development, processing and sales of some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC

Collectively known as the "Idea Group"

* Collectively known as the "Ocean Pride Group"

14. INTERESTS IN JOINT VENTURES

	2023	2022
	HK$'000	*HK$'000*
Share of net assets	**1,956**	9,040

Particulars of the Group's joint ventures as at 30 June 2023 are as follows:

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

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

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

	2023	2022
	HK$'000	*HK$'000*
Trade debtors, net	**57,642**	74,017
Loans receivable, net	**145,455**	160,017
Prepayments	**6,932**	5,651
Deposits and other receivables, net	**15,572**	21,063
VAT recoverable	**9,613**	10,267
	235,214	271,015
Less: Amount shown under non-current assets	**–**	(21,895)
Amount shown under current assets	**235,214**	249,120

(i) The Group usually grants credit period ranging from 30 to 60 days (2022: 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:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**25,247**	46,536
31 – 60 days	**16,940**	9,549
61 – 90 days	**9,069**	11,161
Over 90 days	**6,386**	6,771
	57,642	74,017

16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2023 *HK$'000*	2022 *HK$'000*
Trade creditors	**55,173**	54,731
Contract liabilities *(Note)*	**16,553**	7,282
Other payables and accruals	**147,647**	79,982
Rental received in advance	**270**	35,061
	219,643	177,056
Less: Amount shown under non-current liabilities		
Other payables	**(7,334)**	(27,491)
Rental received in advance	**–**	(34,768)
	(7,334)	(62,259)
Amount shown under current liabilities	**212,309**	114,797

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

	2023 *HK$'000*	2022 *HK$'000*
0 – 30 days	**37,179**	37,393
31 – 60 days	**11,459**	6,251
61 – 90 days	**1,631**	3,576
Over 90 days	**4,904**	7,511
	55,173	54,731

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

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

	2023 *HK$'000*	2022 *HK$'000*
At the beginning of year	**7,282**	4,945
Cash received	**17,173**	7,282
Recognised as revenue	**(6,931)**	(4,912)
Exchange realignment	**(971)**	(33)
At the end of year	**16,553**	7,282

HK$6,931,000 of the contract liabilities as at 1 July 2022 were recognised as revenue for the year ended 30 June 2023 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2023 were expected to be recognised as revenue in the next 12 months. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations which has an original expected duration of one year or less is not disclosed.

17. PROMISSORY NOTES

On 30 April 2020, the Company issued promissory note with principal amount of HK$15,000,000 as the consideration to acquire 17% equity interest of Ocean Pride Ventures Limited of which HK$7,000,000 was early redeemed during the year ended 30 June 2020. 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 ended 30 June 2022 are as follows:

	2022
	HK$'000
At 1 July	8,960
Imputed interest	421
Redemption	(8,000)
Interest paid	(1,381)
At 30 June	–

18. DISPOSAL OF A SUBSIDIARY

On 15 March 2023, the Group, through a wholly-owned subsidiary, entered into an agreement with the independent purchasers to dispose of the entire issued share capital in a subsidiary, Shanghai Chau's Electrical Company Limited (the "**Disposal SCE**"), at the consideration of HK$19,063,000 in cash. The Disposal SCE is principally engaged in property holding in the PRC.

During the year ended 30 June 2023, the disposal of equity interest in the Disposal SCE was completed.

Details of the assets and liabilities of the Disposal SCE at the date disposal were:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	116
Investment properties	26,870
Other receivables, deposits, and prepayments	9,310
Bank balances and cash	112
Other payables and accruals	(10,737)
Deferred tax liabilities	(5,448)
Net assets disposed of	20,223
Cumulative exchange differences in respect of the net assets of the Disposal SCE reclassified from equity to profit or loss on loss of control of the Disposal SCE	(5,766)
Gain on disposal	4,606
Total consideration	19,063
Net cash inflow arising on disposal:	
Cash consideration *(Note)*	19,063
Less: Cash and bank balances disposed of	(112)
Net cash inflows	18,951

Note: During the year ended 30 June 2023, the consideration of HK$19,063,000 has been received by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that the year ended 30 June 2023 (the "**year under review**"), total turnover of the Group was approximately HK$374,316,000, representing a decrease of 20.6% as compared to approximately HK$471,521,000 recorded for the same period of last year. During the year under review, loss attributable to owners of the Company was approximately HK$176,246,000, as compared to loss attributable to owners of the Company of approximately HK$102,218,000 for the same period of last year. Loss per share for the year under review was HK$0.074 (earnings per share for 2021/2022: HK$0.043).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$374,316,000, representing a decrease of 20.6% as compared to approximately HK$471,521,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$205,120,000, representing a decrease of 31.7% as compared to approximately HK$300,238,000 for the same period of last year and accounting for 54.8% of the Group's total turnover. Turnover of the copper rod business was approximately HK$157,084,000, representing a decrease of 0.5% as compared to approximately HK$157,847,000 for the same period of last year and accounting for 42.0% of the Group's total turnover. Turnover of the leasing business was approximately HK$12,112,000, representing a decrease of 9.9% as compared to approximately HK$13,436,000 for the same period of last year and accounting for 3.2% 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 decreased by 33.9% to approximately HK$29,548,000 from approximately HK$44,677,000 for the same period of last year, accounting for 7.9% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 13.8% to approximately HK$282,018,000 from approximately HK$327,313,000 for the same period of last year, accounting for 75.3% of the Group's total turnover. Turnover from the business in Europe decreased by 55.2% to approximately HK$33,770,000 from approximately HK$75,413,000 for the same period of last year, accounting for 9.0% of the Group's total turnover. Turnover from the business in other regions increased by 20.2% to approximately HK$28,980,000 from approximately HK$24,118,000 for the same period of last year, accounting for 7.8% of the Group's total turnover.

Cables and Wires

The Group's cables and wires business recorded a turnover of approximately HK$205,120,000 for the year under review, representing a decrease of 31.7% as compared to approximately HK$300,238,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. The decline in the Group's wire and cable business during the year under review was attributable to the decreased demand for home appliances amid the emerging social and economic impacts of China's economic slowdown and the Russo-Ukrainian war in Europe.

Copper Rod Business

The Group's copper rod business comprises the trading of copper rods and copper wires and their related products. During the year under review, the turnover of the copper rod business was approximately HK$157,084,000, representing a decrease of 0.5% as compared to approximately HK$157,847,000 for the same period of last year. International copper prices rose during the year under review, with the 3-month London Metal Exchange copper price increasing from approximately US$8,200 per tonne at the beginning of the year under review to approximately US$8,400 per tonne at the end of the year under review. As copper prices went up, the copper rod trading business saw an upward market environment during the year under review. The Group has put more effort into expanding its copper rod business in light of the improved operating environment.

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$12,112,000, representing a decrease of approximately 9.9% as compared with approximately HK$13,436,000 for the same period of last year. The decrease was due to the disposal of the Group's properties in Kowloon Bay referred to in the section headed "Discloseable Transaction in relation to Disposal of the Properties of Chau's Electrical Property Limited" in this announcement and the effect of changes in Renminbi exchange rate during the year under review.

Mining

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. No revenue was recorded for the year under review as these projects did not carry out any production activities.

During the year under review, Mongolia once again proposed amendments to its Minerals Law. The mining industry accounts for a significant portion of Mongolia's economy, but the progress of mineral exploration and development has not been satisfactory, and the industry is still in the early stage of development. The Mongolian government has been trying to adjust its domestic mining policy in order to strengthen the governance of the mining industry and to attract foreign investment. However, overly frequent amendments made by the Mongolian government to its policies and regulations relating to mining development have rendered its policy environment uncertain and highly instable, which increases the risk of investment in the country's mining industry in the short term.

Except for the work required to maintain its mining rights, the Group did not make any large-scale capital investment in respect of its mining business in Mongolia during the year under review. The Group will closely monitor if there will be any impact on us when the new Minerals Law is introduced and will adopt a more prudent investment strategy accordingly. With respect to the new requirements for environmental, social and governance ("ESG") reporting, the Board needs to understand the potential impact of climate change and ESG issues on the business model and the associated risks.

PROSPECTS

The construction of the Group's modern factory buildings in Dongguan is close to completion. The Board is reviewing its strategies for allocation and development of the Group's existing land resources, with a view to increasing the Group's income and enhancing returns to shareholders.

With the slowdown of the China's economy and the ongoing Russia-Ukraine war, the Group believes that business environment for wires and cables has become more challenging. The Group will make timely changes to its sales strategy and redirect its resources to other operations to increase sales in the hope of minimizing some of the uncertainties arising from China's economic slowdown and the Russia-Ukraine war.

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 shareholder value.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2023 (30 June 2022: nil).

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting of the Company (the "**2023 AGM**") will be held on Friday, 8 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 5 December 2023 to Friday, 8 December 2023, 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 2023 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 Monday, 4 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had approximately 400 employees in Hong Kong, PRC and overseas (30 June 2022: 400). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

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

During the years ended 30 June 2023 and 30 June 2022, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2023, the Group implemented a prudent financial management policy. As at 30 June 2023, the Group had cash and bank balances amounting to approximately HK$86 million (30 June 2022: HK$71 million) and the value of net current assets was approximately HK$9 million (30 June 2022: HK$64 million). The Group's gearing ratio as at 30 June 2023 was 0.29 (30 June 2022: 0.31), being a ratio of total borrowings of approximately HK$261 million (30 June 2022: HK$337 million) to shareholders' funds of approximately HK$889 million (30 June 2022: HK$1,089 million).

EXCHANGE RISKS

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

CHARGES ON GROUP ASSETS

As at 30 June 2023, the Group had pledged investment properties with an aggregate net book value of approximately HK$631 million (30 June 2022: HK$692 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2023, the Company had issued guarantees to the extent of approximately HK$Nil million (30 June 2022: HK$50 million) to secure the total loans of approximately HK$Nil million (30 June 2022: HK$50 million) granted to its subsidiary.

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 2023 and the changes in fair value were charged to the income statement. The net gain from the Derivative Financial Instruments for the year under review was approximately HK$62,000 (2021/2022: net loss of HK$734,000).

CAPITAL STRUCTURE

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

SHARE OPTION SCHEME

2012 Share Option Scheme

The share option scheme (the "**2012 Share Option Scheme**") was adopted by the Company on 18 December 2012 and expired on 17 December 2022.

Adoption of the New Share Option Scheme

To enable the Company to continue to grant options to eligible participants as incentives or rewards for their contributions to the success of the Group after the expiry of the 2012 Share Option Scheme, the Board convened the 2022 annual general meeting of the Company (the "**2022 AGM**") on 5 December 2022, on which the shareholders of the Company approved the adoption of a new share option scheme (the "**New Share Option Scheme**").

The terms of the New Share Option Scheme were prepared in compliance with Chapter 17 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023. Details of the principal terms of the New Share Option Scheme were set out in the circular of the Company dated 10 November 2022. Subject to the terms of the New Share Option Scheme, it shall be valid and effective for a period of 10 years from 5 December 2022.

The Stock Exchange has granted 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.

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE PROPERTIES OF CHAU'S ELECTRICAL COMPANY LIMITED

On 13 July 2022 (after the trading hours), Chau's Electrical Company Limited ("**Vendor A**"), an indirect wholly-owned subsidiary of the Company, as vendor, 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 the properties situated at 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**").

(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**").

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 disposal contemplated under each of the Preliminary Agreements are collectively referred to as "**Disposal A**", and Workshop 5, Workshop 7 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 Group and its connected persons.

Basis of determination of the consideration

The total consideration of HK$52,500,000 for Disposal A under each of the Preliminary Agreements was determined after arm's length negotiation between Vendor A 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.

The Directors were of the view that (i) Disposal A 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 Disposal A is in the interests of the Company and its shareholders as a whole.

Reasons for and Benefits of Disposal A

In view of the uncertainty and volatility in the local property market due to the persistence of the COVID-19 pandemic 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. Although the consideration for Disposal A represents a discount of approximately 11.5% to the Appraised Value, the Directors considered that such discount is not unreasonable as Disposal A 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.

Use of Proceeds

The Company applied the net proceeds of approximately HK$51,900,000 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 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 Disposal A exceed 5%, but are all less than 25%, Disposal A constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion of Disposal A

Vendor A and the Purchasers entered into formal agreements for the sale and purchase of the Properties on 28 July 2022 and completion of Disposal A took place on 13 October 2022. Net loss on Disposal A was approximately HK$504,000.

Details of Disposal A were set out in the announcements of the Company dated 13 July 2022 and 13 October 2022.

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN SHANGHAI CHAU'S ELECTRICAL CO., LTD.*

On 15 March 2023 (after trading hours), Global Pacific Investments Limited ("**Vendor B**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Mr. Zhou Chuang (周闖) ("**Purchaser Z1**") and Mr. Zhou Ronggen (周榮根) ("**Purchaser Z2**") (collectively, the "**Purchasers Z**"). Pursuant to the Equity Transfer Agreement, Vendor B conditionally agreed to sell and the Purchasers Z conditionally agreed to acquire, the entire equity interest in Shanghai Chau's Electrical Co., Ltd.* (上海周氏電業有限公司) (the "**Target Company**") which was legally and beneficially owned by Vendor B, at the consideration of RMB17,250,000 (equivalent to approximately HK$19,492,500) in cash ("**Disposal B**"), subject to the relevant conditions precedent in the Equity Transfer Agreement being satisfied.

Before completion of Disposal B, the Target Company was an indirect wholly-owned subsidiary of the Company and was principally engaged in property holding. It is a limited liability company established under the laws of the PRC on 18 August 1994 with registered capital of US$2,500,000.

The Target Company then legally held the land use right in respect of a parcel of land known as Lot No. Zhujiajiao Town, 3–1 Qiu (朱家角鎮3–1丘) located at No. 6118 of Huqingping Highway, Zhujiajiao Town, Qingpu District, Shanghai, the PRC (中國上海市青浦區朱家角鎮滬青平公路6118號) having a site area of approximately 13,901.00 square metres for industrial use (the "**Land**"). The Target Company is legally interested in various buildings and structures erected on the Land (the "**Factory Complex**") with a total gross floor area of approximately 5,152.00 square metres. The Factory Complex had been leased to an independent third party for a term of five years commencing from 1 August 2019 to 31 July 2024 with an annual rental of RMB500,000.

Pursuant to the Equity Transfer Agreement, 70% of the entire equity interest of the Target Company was to be transferred to Purchaser Z1 at the consideration of RMB12,075,000 and the remaining 30% of the entire equity interest was to be transferred to Purchaser Z2 at the consideration of RMB5,175,000.

Purchaser Z1 and Purchaser Z2 are PRC citizens and private investors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Purchasers Z are third parties independent of the Group and its connected persons.

Pursuant to the Equity Transfer Agreement, the consideration of RMB17,250,000 (equivalent to approximately HK$19,492,500) (the "**Consideration**") was settled in accordance with the following manners:

(a) an aggregate sum of RMB8,625,000, being the refundable deposit, was paid by the Purchasers Z to the account designated by the Vendor B within one (1) business day after the execution of the Equity Transfer Agreement, of which RMB6,037,500 and RMB2,587,500 were contributed by Purchaser Z1 and Purchaser Z2 respectively; and

(b) the remaining balance of RMB8,625,000 was paid by Purchasers Z to Vendor B no later than 15 days after the Purchasers Z were permitted to transfer the funds for settlement of the Consideration outside the PRC under the relevant foreign exchange control laws and regulations of the PRC, and in any event within 105 days after the execution of the Equity Transfer Agreement, of which RMB6,037,500 and RMB2,587,500 were contributed by Purchaser Z1 and Purchaser Z2 respectively.

Basis of determination of the Consideration

The Consideration for Disposal B was arrived at after arm's length negotiations between Vendor B and Purchasers Z and was determined with reference to (i) the net asset value of the Target Company of approximately RMB17,383,000 as at 31 December 2022 (the "**NAV**"); (ii) the market value of the Factory Complex as appraised by an independent valuer (the "**Appraised Property Value**"), which is equivalent to HK$26,480,000 (equivalent to approximately RMB23,434,000); and (iii) other factors as set out in the paragraph headed "Reasons for and Benefits of Disposal B" below. The Consideration is comparable to the NAV, which is merely a commercial decision of Vendor B and Purchasers Z after arm's length negotiations.

Reasons for and Benefits of Disposal B

The Target Company was principally engaged in the manufacture and trading of cables and wires prior to cessation of these business activities. Since 2014, the Target Company has leased out the Factory Complex. However, the local real estate market has been adversely affected by the outbreak of COVID-19 and the economic uncertainty over the last few years, leading to lower transaction volume and liquidity recently. In addition, the maintenance costs for the aging Factory Complex are high, and the Group has decided to consolidate its resources to manage and maintain its existing properties in Dongguan, Guangdong Province. Coupled with the said trend of relocation of manufacturers, the Directors were of the view that future returns from leasing the Factory Complex may not be favourable.

The Directors were of the view that Disposal B would allow the Group to save considerable amount of maintenance costs, mitigate the risks of the real estate market and re-allocate its financial resources to better uses.

The Directors considered that Disposal B and the transaction contemplated under the Equity Transfer Agreement are on normal commercial terms and the terms of the Equity Transfer Agreement, which were determined after arm's length negotiations between the parties, are fair and reasonable. The Directors considered that Disposal B is in the interests of the Company and its shareholders as a whole.

Use of Proceeds

The aggregate net proceeds of Disposal B, after deducting transaction costs and expenses, were approximately RMB16,985,000 (equivalent to approximately HK$19,000,000). The net proceeds of Disposal B was utilised for repayment of bank loans and general working capital for the Group.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of Disposal B exceed 5%, but are all less than 25%, Disposal B constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion of Disposal B

All conditions precedent under the Equity Transfer Agreement have been fulfilled and completion of Disposal B took place on 30 May 2023.

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

The details of Disposal B were set out in the announcements of the Company dated 15 March 2023 and 30 May 2023 and in note 18 to the consolidated financial statement of this announcement.

SIGNIFICANT INVESTMENT

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

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2023.

CORPORATE GOVERNANCE

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in Appendix 14 to the Listing Rules, save and except for the deviations from Code provisions B.2.3, B.2.4(b), C.2.1 and F.2.2 of the Corporate Governance Code in Appendix 14 to the Listing Rules (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 on the board of directors, 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 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 was re-elected by an ordinary resolution of the shareholders at the 2021 AGM. Mr. Chung has been serving as the chairman of the audit committee of the Company for more than 20 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 of the Company (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. Mr. Chung has offered himself for re-election and a separate resolution will be proposed for his re-election at the 2023 AGM.

Mr. Lo Wai Ming has been an independent non-executive Director 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 was re-elected by an ordinary resolution of the shareholders at the 2021 AGM. Mr. Lo Wai Ming has more than 40 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. Mr. Lo Wai Ming has offered himself for re-election and a separate resolution will be proposed for his re-election at the 2023 AGM.

Mr. Lo Chao Ming ("**Mr. Lo**") has been an independent non-executive Director 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 2022 annual general meeting of the Company held on 5 December 2022 (the "**2022 AGM**") and offered himself for re-election at the 2022 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. An ordinary resolution was passed at the 2022 AGM to approve the re-appointment of Mr. Lo Chao Ming as an independent non-executive Director.

Code provision B.2.4(b)

Under Code provision B.2.4(b), where all independent non-executive directors of an issuer have service more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting starting from the financial year commencing on or after 1 January 2023.

The Company and the Nomination Committee are in the process of identifying a new independent non-executive director taking into account the candidate's experience and the factors prescribed under Rule 3.13 of the Listing Rules, with a view to fulfilling the requirements under Code provision B.2.4(b) in due course. Further announcement(s) will be made in this regard as and when appropriate.

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 chief executive officer, are necessary.

Code provision F.2.2

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

During the year under review, Mr. Chau, the Chairman and the Managing Director of the Company, was unable to attend the 2022 AGM as he stayed in the PRC for about 2 years from March 2021 for the Group's business operations and could not return to Hong Kong due to the COVID-19 pandemic. Mr. Chau Chi Ho, the deputy Chairman of the Company, presided over the 2022 AGM.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year under review. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

COMPLIANCE WITH THE MODEL CODE

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

APPRECIATION

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

LITIGATION INVOLVING AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

The information below has been provided by the Company and the Group pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The construction works of the land development project of 廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Company Limited*) ("**Zhou's Marble**"), an indirect non-wholly owned subsidiary of the Company, have been suspended since 2020 in light of the unfavorable trading conditions of the building stones industry and COVID-19-related issues. The Board has been recently notified by Zhou's Marble that the constructor of the captioned project (the "**Plaintiff**") filed a claim against Zhou's Marble in the PRC for the settlement of the construction costs and Zhou's Marble was ordered to pay the Plaintiff approximately RMB21,000,000 pursuant to the first instance decision in early July 2023. Zhou's Marble filed an appeal against the decision in late July 2023. As at the date of this announcement, the appeal is still being scheduled to be heard by the PRC court.

The Group has been in the course of seeking legal advice and will closely monitor the status of the aforesaid proceedings. Further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any significant development as and when appropriate.

The shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 29 September 2023

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

* *For identification purpose only.*