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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)

### 2024/2025 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Directors**” or the “**Board**”) of Solartech International Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2024, as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

		<b>For the six months ended</b>	
		<b>31 December 2024</b>	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Unaudited)</b>
Turnover	3(a)	<b>299,714</b>	567,572
Cost of sales		<b>(274,146)</b>	(549,138)
Gross profit		<b>25,568</b>	18,434
Interest income		<b>5,701</b>	7,057
Other income and other gains, net		<b>1,908</b>	4,159
General and administrative expenses		<b>(36,045)</b>	(45,123)
Selling and distribution expenses		<b>(3,583)</b>	(3,817)
Change in fair value of financial assets at fair value through profit or loss	14	<b>70</b>	(270)
Change in fair value of derivative financial instruments	15	<b>37</b>	83
Change in fair value of investment properties	10	<b>(13,983)</b>	(41,167)
Expected credit loss recognised, net		<b>(1,096)</b>	(503)
Finance costs	5	<b>(8,640)</b>	(8,523)
Share of results of associates		–	205
Share of results of joint ventures		<b>(5)</b>	(4)

\* For identification purposes only

		<b>For the six months ended</b>	
		<b>31 December</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss before taxation	4	<b>(30,068)</b>	(69,469)
Income tax credit	6	<b>3,496</b>	10,292
<b>Loss for the period</b>		<b><u>(26,572)</u></b>	<u>(59,177)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		<b><u>(6,707)</u></b>	<u>36,827</u>
Other comprehensive income for the period		<b><u>(6,707)</u></b>	<u>36,827</u>
<b>Total comprehensive income for the period</b>		<b><u><u>(33,279)</u></u></b>	<b><u><u>(22,350)</u></u></b>
Loss for the period attributed to:			
Owners of the Company		<b>(26,226)</b>	(58,757)
Non-controlling interests		<b><u>(346)</u></b>	<u>(420)</u>
		<b><u><u>(26,572)</u></u></b>	<b><u><u>(59,177)</u></u></b>
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>(32,960)</b>	(21,882)
Non-controlling interests		<b><u>(319)</u></b>	<u>(468)</u>
		<b><u><u>(33,279)</u></u></b>	<b><u><u>(22,350)</u></u></b>
			(Restated)
Loss per share			
– Basic and diluted ( <i>HK\$</i> )	8	<b><u><u>(0.22)</u></u></b>	<b><u><u>(0.49)</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2024	30 June 2024
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	14,215	15,594
Investment properties	10	568,831	586,369
Right-of-use assets		5,902	6,965
Intangible assets	11	395,834	395,849
Interests in associates		745	745
Interests in joint ventures		3,112	3,106
		988,639	1,008,628
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		16,131	25,342
Debtors, other loans and receivables, deposits and prepayments	12	196,551	227,017
Bills receivable	13	162	2
Financial assets at fair value through profit or loss	14	3,870	3,800
Bank balances and cash		83,441	102,526
		300,155	358,687
<b>Total current assets</b>			
<b>Current liabilities</b>			
Creditors, other advances and accrued charges	16	234,648	247,108
Borrowings	17	131,266	156,604
Derivative financial liabilities	15	71	–
Lease liabilities		1,153	1,110
		367,138	404,822
<b>Total current liabilities</b>			
<b>Net current liabilities</b>		(66,983)	(46,135)
<b>Total assets less current liabilities</b>		921,656	962,493

		<b>31 December</b>	30 June
		<b>2024</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>100</b>	687
Other payables and advances	16	<b>7,817</b>	4,288
Borrowings	17	<b>97,977</b>	105,830
Deferred tax liabilities		<b>49,086</b>	52,962
		<hr/>	<hr/>
Total non-current liabilities		<b>154,980</b>	163,767
		<hr/>	<hr/>
<b>Total net assets</b>		<b>766,676</b>	798,726
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	18	<b>23,745</b>	23,745
Reserves		<b>745,013</b>	776,744
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>768,758</b>	800,489
<b>Non-controlling interests</b>		<b>(2,082)</b>	(1,763)
		<hr/>	<hr/>
<b>Total equity</b>		<b>766,676</b>	798,726
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2023 (audited)	23,745	1,828,432	612,360	(22,992)	4,878	99,901	-	(1,657,120)	889,204	(1,049)	888,155
Loss for the period	-	-	-	-	-	-	-	(58,757)	(58,757)	(420)	(59,177)
Exchange difference on translating foreign operations	-	-	-	36,875	-	-	-	-	36,875	(48)	36,827
Total comprehensive income for the period	-	-	-	36,875	-	-	-	(58,757)	(21,882)	(468)	(22,350)
At 31 December 2023 (unaudited)	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>13,883</u>	<u>4,878</u>	<u>99,901</u>	<u>-</u>	<u>(1,715,877)</u>	<u>867,322</u>	<u>(1,517)</u>	<u>865,805</u>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2024 (audited)	23,745	1,828,432	612,360	(23,424)	4,878	99,901	233	(1,745,636)	800,489	(1,763)	798,726
Loss for the period	-	-	-	-	-	-	-	(26,226)	(26,226)	(346)	(26,572)
Exchange difference on translating foreign operations	-	-	-	(6,734)	-	-	-	-	(6,734)	27	(6,707)
Total comprehensive income for the period	23,745	1,828,432	612,360	(6,734)	4,878	99,901	-	(26,226)	(32,960)	(319)	(33,279)
Equity-settled share-based payment	-	-	-	-	-	-	1,229	-	1,229	-	1,229
At 31 December 2024 (unaudited)	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>(30,158)</u>	<u>4,878</u>	<u>99,901</u>	<u>1,462</u>	<u>(1,771,862)</u>	<u>768,758</u>	<u>(2,082)</u>	<u>766,676</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

	<b>For the six months ended</b>	
	<b>31 December 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash generated from operating activities</b>	<b>17,101</b>	6,254
<b>Investing activities</b>		
Interest received	<b>5,701</b>	7,057
Expenditure on investment properties	<b>(1,138)</b>	(3,850)
Purchases of property, plant and equipment	<b>(1,725)</b>	(1,374)
Proceeds from disposal of property, plant and equipment	–	2,179
Proceeds from disposal of right-of-use assets	–	2,166
<b>Net cash generated from investing activities</b>	<b>2,838</b>	6,178
<b>Financing activities</b>		
Interest paid on borrowings	<b>(6,346)</b>	(8,428)
Repayment of interest portion of the lease liabilities	<b>(55)</b>	(95)
Repayment of principal portion of the lease liabilities	<b>(544)</b>	(954)
New bank and other loans raised	<b>43,412</b>	99,401
Repayment of bank and other loans	<b>(74,987)</b>	(82,830)
Proceeds from sales and leaseback of machinery	–	3,248
<b>Net cash (used in)/generated from financing activities</b>	<b>(38,520)</b>	10,342
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,581)</b>	22,774
<b>Cash and cash equivalents at beginning of the period</b>	<b>102,526</b>	85,665
<b>Effect of foreign exchange rate changes</b>	<b>(504)</b>	2,236
<b>Cash and cash equivalents at end of the period</b>	<b>83,441</b>	110,675
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>83,441</b>	110,675

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

### 1. BASIS OF PREPARATION

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2024. The accounting policies and method of computation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2024.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2024, which comprise HKFRSs; HKASs; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited interim condensed consolidated financial statements and amounts reported for the current period and prior years.

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

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

Amendments to HKAS 7 & HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current liabilities with Covenants

The Group has assessed the impact of the adoption of the above amendment and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies for the current and prior periods have been prepared or presented.

### 3. TURNOVER AND SEGMENTAL INFORMATION

#### (a) Reportable segments

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

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

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

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 31 December 2023 and 31 December 2024, and for the periods then ended for the purpose of segment reporting.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measure of adjusted profit/loss before taxation. The adjusted profit/loss before taxation is measured consistently with the Group’s profit/loss before taxation except that change in fair value of derivative financial instruments, change in fair value of financial assets at fair value through profit or loss, 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 and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



*For the six months ended 31 December 2024 (Unaudited)*

	<b>Cables and wires HK\$'000</b>	<b>Copper rods HK\$'000</b>	<b>Investment properties HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	92,846	196,284	10,584	299,714
Inter-segment revenue	–	–	–	–
Reportable segment revenue	92,846	196,284	10,584	299,714
Reportable segment (loss)/profit	<u>(13,864)</u>	<u>5,654</u>	<u>(10,431)</u>	<u>(18,641)</u>
Finance costs	(3,506)	–	(5,078)	(8,584)
Change in fair value of investment properties	–	–	(13,983)	(13,983)
Expected credit loss recognised				
– allocated	(780)	–	(205)	(985)
– unallocated				<u>(111)</u>
				<u>(1,096)</u>
Depreciation of right-of-use assets				
– allocated	(280)	–	–	(280)
– unallocated				<u>(595)</u>
				<u>(875)</u>
Depreciation of property, plant and equipment				
– allocated	(1,828)	–	–	(1,828)
– unallocated				<u>(35)</u>
				<u>(1,863)</u>
Income tax credit	–	–	3,496	<u><u>3,496</u></u>

*For the six months ended 31 December 2023 (Unaudited)*

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	116,998	444,970	5,604	567,572
Inter-segment revenue	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Reportable segment revenue	116,998	444,970	5,604	567,572
Reportable segment loss	<u>(16,912)</u>	<u>(6,767)</u>	<u>(36,815)</u>	<u>(60,494)</u>
Finance costs	(3,723)	(3,932)	(774)	(8,429)
Change in fair value of investment properties	–	–	(41,167)	(41,167)
Gain on disposal of property, plant and equipment	2,113	–	–	2,113
Gain on disposal of right-of-use assets	2,101	–	–	2,101
(Expected credit loss)/reversal of expected credit loss recognised, net				
– allocated	(543)	10	7	(526)
– unallocated				<u>23</u>
				<u>(503)</u>
Depreciation of right-of-use assets				
– allocated	(280)	–	–	(280)
– unallocated				<u>(595)</u>
				<u>(875)</u>
Depreciation of property, plant and equipment				
– allocated	(1,828)	(30)	–	(1,858)
– unallocated				<u>(35)</u>
				<u>(1,893)</u>
Income tax credit	–	–	10,292	<u><u>10,292</u></u>

*As at 31 December 2024 (Unaudited)*

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	290,740	10,721	572,172	873,633
Additions to non-current assets	1,725	–	3,850	5,575
Reportable segment liabilities	246,983	1,429	268,816	517,228

*As at 30 June 2024 (Audited)*

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	345,070	13,816	589,922	948,808
Additions to non-current assets	1,723	–	7,023	8,746
Reportable segment liabilities	281,877	711	280,404	562,992

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>		
Reportable segment loss	(18,641)	(60,494)
Change in fair value of derivative financial instruments	37	83
Change in fair value of financial assets at fair value through profit or loss	70	(270)
Share of results of joint ventures	(5)	(4)
Share of results of associates	–	205
Unallocated finance costs	(56)	(94)
Unallocated corporate expenses	(11,473)	(8,895)
Consolidated loss before taxation	<u>(30,068)</u>	<u>(69,469)</u>
	<b>31 December</b>	<b>30 June</b>
	<b>2024</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Assets</b>		
Reportable segment assets	873,633	948,808
Mining right	395,834	395,849
Interests in joint ventures	745	745
Interests in associates	3,112	3,106
Unallocated bank balances and cash	1,738	4,400
Unallocated corporate assets	13,732	14,407
Consolidated total assets	<u>1,288,794</u>	<u>1,367,315</u>

	<b>31 December</b>	30 June
	<b>2024</b>	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Liabilities</b>		
Reportable segment liabilities	<b>517,228</b>	562,992
Unallocated corporate liabilities	<b>4,890</b>	5,597
	<hr/>	<hr/>
Consolidated total liabilities	<b>522,118</b>	568,589
	<hr/> <hr/>	<hr/> <hr/>

**(c) Geographical information**

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

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>Revenue from external customers</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
The PRC	<b>244,429</b>	505,712
Americas	<b>13,234</b>	18,832
Europe	<b>21,225</b>	21,204
Hong Kong	<b>6,887</b>	6,945
Others	<b>13,939</b>	14,879
	<hr/>	<hr/>
	<b>299,714</b>	567,572
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#### 4. LOSS BEFORE TAXATION

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

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,863	1,893
Depreciation of right-of-use assets	875	875
Gain on disposal of property, plant and equipment	–	(2,113)
Gain on disposal of right-of-use assets	–	(2,101)
Write-down/(reversal of write-down) on inventories	384	(883)
	<u>3,496</u>	<u>(2,219)</u>

#### 5. FINANCE COSTS

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on borrowings	6,346	8,428
Interest on lease liabilities	55	95
Interest on overdue trade and other payables	2,239	–
	<u>8,640</u>	<u>8,523</u>

#### 6. INCOME TAX CREDIT

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax for the period		
Hong Kong profits tax	–	–
Taxation in other jurisdictions	–	–
Deferred tax for the period	3,496	10,292
Income tax credit	<u>3,496</u>	<u>10,292</u>

For the six months ended 31 December 2024, no provision for Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong. For the six months ended 31 December 2023, no provision for Hong Kong profits tax has been provided as there is sufficient tax losses to offset with the assessable profits.

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. No profits tax has been provided for other countries and jurisdictions as there is no assessable profits during the current and prior periods.

## 7. DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: HK\$Nil).

## 8. LOSS PER SHARE

The calculation of basic and diluted loss per share amounts for the six months ended 31 December 2024 and 2023 is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

<i>Loss</i>	<b>For the six months ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to owners of the Company for the purpose of basic earnings per share	<b>(26,226)</b>	<b>(58,757)</b>
	<b>118,726,617</b>	<b>118,726,617</b>

  

<i>Number of shares</i>	<b>For the six months ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>118,726,617</b>	<b>118,726,617</b>

On 4 March 2024, the Board proposed that every twenty in the issued and unissued share capital of the Company be consolidated into one consolidated share of par value of HK\$0.2 (the “**Share Consolidation**”). The Share Consolidation was approved by the shareholder at the specific general meeting of the Company held on 11 April 2024 and the same became effective on 15 April 2024. Accordingly, the weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 31 December 2023 has been adjusted/restated to reflect the effect of the Share Consolidation.

The computation of diluted loss per share for the six months ended 31 December 2024 and 2023 does not assume the exercise of the Company’s outstanding share options since their assumed exercise would result in a decrease in loss per share. Therefore, the diluted loss per share was the same as the basic loss per share for the six months ended 31 December 2024 and 2023.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, the Group purchased property, plant and equipment of HK\$1,725,000 (six months ended 31 December 2023: HK\$1,374,000). No property, plant and equipment was disposed by the Group for the six months ended 31 December 2024 (six months ended 31 December 2023: HK\$3,319,000).

## 10. INVESTMENT PROPERTIES

	<b>Completed investment properties</b> <i>HK\$'000</i>	<b>Investment properties under construction</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 July 2023 (Audited)	243,826	425,338	669,164
Additions	–	7,023	7,023
Change in fair value	(33,525)	(53,309)	(86,834)
Exchange realignment	(1,045)	(1,939)	(2,984)
	<hr/>	<hr/>	<hr/>
At 30 June 2024 and 1 July 2024 (Audited)	<b>209,256</b>	<b>377,113</b>	<b>586,369</b>
Additions	–	<b>1,138</b>	<b>1,138</b>
Change in fair value	<b>(8,928)</b>	<b>(5,055)</b>	<b>(13,983)</b>
Exchange realignment	<b>(1,593)</b>	<b>(3,100)</b>	<b>(4,693)</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2024 (Unaudited)	<b>198,735</b>	<b>370,096</b>	<b>568,831</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group's investment properties were valued at 31 December 2024 by LCH (Asia-Pacific) Surveyors Limited and Peak Vision Appraisals Limited. They are independent firms of professionally qualified valuers, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued. The valuation of the investment properties was based on one of the following approaches:

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

These valuations gave rise to fair value loss of HK\$13,983,000 during the current period (six months ended 31 December 2023: fair value loss of HK\$41,167,000).

No direct operating expenses arising on the investment properties were incurred during the six months ended 31 December 2024 and 2023.

## 11. INTANGIBLE ASSETS

	<b>Mining right</b> <i>HK\$'000</i>
COST:	
At 1 July 2024 (Audited)	1,167,704
Exchange realignments	<u>(15)</u>
<b>At 31 December 2024 (Unaudited)</b>	<b><u>1,167,689</u></b>
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
<b>At 1 July 2024 (Audited) and 31 December 2024 (Unaudited)</b>	<b><u>771,855</u></b>
NET CARRYING AMOUNT:	
<b>At 31 December 2024 (Unaudited)</b>	<b><u>395,834</u></b>
At 30 June 2024 (Audited)	<u>395,849</u>

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

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

At 31 December 2024, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of approximately HK\$62,421,000 (30 June 2024: HK\$83,113,000).

- (i) The Group's sales are mainly made on (i) cash on delivery, and (ii) credit terms of 30 to 90 days.
- (ii) The aging analysis of trade debtors, net of allowance for doubtful debts, based on invoice date, is as follows:

	<b>31 December</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2024 <i>HK\$'000</i> (Audited)
Within 30 days	<b>60,234</b>	43,936
31–60 days	<b>591</b>	20,588
61–90 days	<b>408</b>	13,250
Over 90 days	<b>1,188</b>	6,339
	<b><u>62,421</u></b>	<b><u>84,113</u></b>

- (iii) At 31 December 2024, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to approximately HK\$552,000 (30 June 2024: HK\$4,651,000) resulting from the net settlements of derivative financial instruments which were in the closed-out positions at the end of reporting period.



### 13. BILLS RECEIVABLE

As at 31 December 2024 and 30 June 2024, all bills receivable aged within 90 days.

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

	<b>31 December 2024 HK\$'000 (Unaudited)</b>	30 June 2024 HK\$'000 (Audited)
Equity securities held for trading and listed in Hong Kong	<b>3,870</b>	3,800

The fair values of the equity securities are determined based on the quoted market prices. During the period, a gain on change in fair value of HK\$70,000 (six months ended 31 December 2023: loss on change in fair value of HK\$270,000) was recognised in profit or loss.

### 15. DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair values of copper future contracts are determined based on the quoted market prices provided by banks or financial institutions at the end of reporting periods. The gain on change in fair value of derivative financial instruments of approximately HK\$37,000 (six months ended 31 December 2023: HK\$83,000) has been recognised in the profit or loss during the period. All of these derivative financial instruments are not designated as hedging instruments.

### 16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 31 December 2024, included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$70,128,000 (30 June 2024: HK\$117,763,000).

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

	<b>31 December 2024 HK\$'000 (Unaudited)</b>	30 June 2024 HK\$'000 (Audited)
Within 30 days	<b>28,594</b>	63,798
31–60 days	<b>5,058</b>	11,429
61–90 days	<b>5,857</b>	6,244
Over 90 days	<b>30,619</b>	36,292
	<b>70,128</b>	117,763

## 17. BORROWINGS

During the six months ended 31 December 2024, the Group raised new borrowings of HK\$43,412,000 (six months ended 31 December 2023: HK\$99,401,000) to provide for additional working capital and made repayment of HK\$74,768,000 (six months ended 31 December 2023: HK\$82,830,000). The borrowings of HK\$229,243,000 of the Group are secured. The average effective interest rates of the bank borrowings range from 3.5% to 7.0% (30 June 2024: 3.0% to 7.0%) per annum.

## 18. SHARE CAPITAL

	Number of shares		Share capital	
	31 December 2024 '000 (Unaudited)	30 June 2024 '000 (Audited)	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Ordinary shares of HK\$0.2 each:				
Authorised	<u>2,500,000</u>	<u>2,500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning and at end of the period/year	<u>118,727</u>	<u>118,727</u>	<u>23,745</u>	<u>23,745</u>

## 19. SHARE OPTION SCHEME

- (a) On 18 December 2012, the Company adopted a 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 or 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 was expired on 17 December 2022 and the Company did not have any outstanding share option under the Scheme accordingly.
- (b) On 5 December 2022, the Company adopted a new share option scheme (the “**New Scheme**”) for the primary purpose of providing incentives to employees, executive and non-executive directors of the Company or any subsidiaries or such person who from time to time are determined by the Board as its discretion as having contributed to the Group based on his/her performance and/or years of services, or valuable resources and other relevant factors (the “**Employee Participants**”), to recruit and retain high calibre employees. Additionally, the Company may, from time to time, grant share options to such persons who provide services to the Company or any subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group (the “**Service Providers**”) in the interest of the long term growth of the Group as determined by the Board.

Under the New Scheme, the Board of the Company may grant options to the Employee Participants and Service Providers 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 quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares, subject to a maximum 10% of the issued share capital of the Company as at the date of approval from the Company's shareholders.

On 27 May 2024, the Company granted share options to eligible participants to subscribe for a total of 11,870,000 ordinary shares of HK\$0.2 each (with exercise price of HK\$0.44 per share) in the share capital of the Company under the New Scheme with vesting period from 27 May 2024 to 26 May 2025. Accordingly, equity-settled share-based payment expenses of HK\$1,229,000 was recognised during the six months ended 31 December 2024 (six months ended 31 December 2023: HK\$Nil). No share options were granted, exercised and lapsed during the six months ended 31 December 2024 and 2023 under the New Scheme. As at 31 December 2024, the Company had 11,870,000 share options outstanding under the New Scheme (30 June 2024: 11,870,000).

## **20. RELATED PARTY TRANSACTIONS**

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

### *Compensation of key management personnel of the Group*

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

## **21. PLEDGE OF ASSETS**

As at 31 December 2024, the Group has pledged property, plant and equipment and investment properties in the aggregate amount of HK\$5,129,000 and HK\$568,831,000 respectively (30 June 2024: HK\$5,929,000 and HK\$552,538,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Board announces that for the six months ended 31 December 2024 (the “**period under review**”), the total turnover of the Group was approximately HK\$299,714,000, representing a decrease of approximately 47.2% as compared to approximately HK\$567,572,000 recorded for the corresponding period last year. During the period under review, loss attributable to the owners of the Company was approximately HK\$26,226,000, as compared to loss attributable to the owners of the Company of approximately HK\$58,757,000 for the corresponding period last year.

Loss per share for the period under review was approximately HK\$0.22 (Loss per share for 2023/2024 interim: HK\$0.49 restated).

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 31 December 2024 (31 December 2023 interim: nil).

### BUSINESS REVIEW

The Group’s turnover for the period under review was approximately HK\$299,714,000, representing a decrease of approximately 47.2% as compared to approximately HK\$567,572,000 for the corresponding period last year. By business segments, the turnover of the cables and wires business was approximately HK\$92,846,000, representing a decrease of approximately 20.6% as compared to approximately HK\$116,998,000 for the corresponding period last year and accounting for approximately 31.0% of the Group’s total turnover. Turnover of the copper rod business was approximately HK\$196,284,000, representing a decrease of approximately 55.9% as compared to approximately HK\$444,970,000 for the corresponding period last year and accounting for approximately 65.5% of the Group’s total turnover. Turnover of the leasing business was approximately HK\$10,584,000, representing an increase of approximately 88.9% as compared to approximately HK\$5,604,000 for the corresponding period last year and accounting for approximately 3.5% of the Group’s total turnover.

By geographical market segments, turnover from the business in the Americas decreased by approximately 29.7% to approximately HK\$13,234,000 from approximately HK\$18,832,000 for the corresponding period last year, accounting for approximately 4.4% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong decreased by approximately 51.0% to approximately HK\$251,316,000 from approximately HK\$512,657,000 for the corresponding period last year, accounting for approximately 83.9% of the Group’s total turnover. Turnover from the business in Europe increased by approximately 0.1% to approximately HK\$21,225,000 from approximately HK\$21,204,000 for the corresponding period last year, accounting for approximately 7.1% of the Group’s total turnover. Turnover from the business in other regions decreased by approximately 6.3% to approximately HK\$13,939,000 from approximately HK\$14,879,000 for the corresponding period last year, accounting for approximately 4.6% of the Group’s total turnover.

## **Cables and Wires**

The Group's turnover of the cables and wires business for the period under review was approximately HK\$92,846,000, representing a decrease of approximately 20.6% as compared to approximately HK\$116,998,000 for the corresponding period last year. The major customers are manufacturers primarily engaged in producing white goods. During the period under review, the Chinese economy faced multiple challenges, which impacted demand for home appliances. Slow economic growth has led to weak demand in the home appliance market, insufficient consumer confidence, and reduced customer orders. Consequently, the Group's cables and wires business experienced a decline during the period under review.

## **Copper Rod Business**

The copper rod business comprises the trading of copper rods and copper wires and their related products. During the period under review, the turnover of the copper rod business was approximately HK\$196,284,000, representing a decrease of approximately 55.9% as compared to approximately HK\$444,970,000 for the corresponding period last year. During the period under review, international copper prices trended downward, with the 3-month London Metal Exchange copper price declining from approximately US\$9,500 per tonne at the beginning of the period to around US\$9,000 per tonne at the end of the period. The decline in copper prices, coupled with China's economic slowdown, significantly impacted the operating environment for the copper rod business. Manufacturing activity contracted due to insufficient domestic demand, further depressing market demand for copper rods. The Group will adjust its market strategy for the copper rod business in response to evolving copper price trends and changes in the operating environment.

## **Rental Income**

The Group's investment properties mainly comprise industrial properties in the PRC. During the period under review, rental income was approximately HK\$10,584,000, representing an increase of approximately 88.9% as compared with approximately HK\$5,604,000 for the corresponding period last year. Such increase was attributed to the successful lease-up of newly constructed Industrial Complex in Dongguan in the period under review.

During the period under review, the Group had a very substantial disposal. On 20 November 2024, the Group entered into an equity transfer agreement with independent third parties to dispose of 100% equity interest in Dongguan Hua Yi Brass Products Co., Ltd.\* (東莞華藝銅業有限公司), which was then an indirect wholly-owned subsidiary of the Company and owned the land use right of a parcel of the land situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村), at a consideration of RMB70,000,000. Details of the very substantial disposal are set out in the circular of the Company dated 24 January 2025.

## **Mining**

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

Mongolia's mining industry faces near-term pressure from policy uncertainties and infrastructure shortcomings. However, its long-term growth potential remains anchored in abundant mineral wealth and geo-strategic value. Should the Mongolian government achieve a balance between resource sovereignty and foreign investor interests while accelerating infrastructure development and regulatory transparency, Mongolia could emerge as a pivotal node in global critical mineral supply chains.

During the period under review, the Group focused on maintaining mining license compliance and fulfilling necessary work to maintain its mining rights, while deferring large-scale capital investments. Amid economic volatilities and regulatory risks inside and outside Mongolia, the Group will closely monitor local policy developments, market dynamics and global commodity price trends, and prudently formulate flexible strategies to ensure equilibrium between resource allocation and risk management.

## **PROSPECTS**

The Group will prioritise focusing on core business operations to drive further business development. While consolidating our existing business of power cords and home appliance wire harnesses, we will actively expand into the field of new energy, robotics, and AI application wires and cables in alignment with market demands. This strategic expansion aims to achieve product upgrades and technological breakthroughs, ensuring adaptability in a rapidly evolving market environment. Concurrently, we will implement a key account strategy to strengthen collaboration with core customers, support their product ecosystems, and jointly explore industry transformation pathways for mutual success.

To enhance core competitiveness, we will strengthen technical teams, increase R&D investment, and boost new product development capabilities. Through technological innovation, we will not only meet the diverse needs of our customers but also expand our market share. Furthermore, we will optimise management systems by implementing lean practices to improve operational efficiency and minimise resource waste, thereby laying a robust foundation for sustainable development.

For market expansion, we plan to establish an integrated marketing platform and innovate marketing tactics by leveraging digital tools and blended online-offline channels to precisely engage target customers in response to evolving trends. At the same time, we will advance production automation by introducing smart manufacturing technologies to reduce costs and enhance productivity, thereby strengthening our market competitiveness.

Looking ahead, we will capitalise on opportunities in new energy and intelligent technologies. While maintaining our existing strengths, we will develop new growth drivers to achieve business diversification and sustainable development, ensuring our continued leadership in the industry.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had approximately 350 employees in Hong Kong, the People's Republic of China (“**PRC**”) and overseas (30 June 2024: 350). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

In compliance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund Scheme of the Group (the “**MPF Scheme**”). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and each of its 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 the employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the relevant local governments.

During the six months ended 31 December 2024 and 31 December 2023, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

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

During the six months ended 31 December 2024, the Group implemented a prudent financial management policy. As at 31 December 2024, the Group had cash and bank balances amounting to approximately HK\$83 million (30 June 2024: HK\$103 million) and the value of net current liabilities was approximately HK\$67 million (at 30 June 2024: HK\$46 million). The Group's gearing ratio as at 31 December 2024 was 0.30 (30 June 2024: 0.33), being a ratio of total borrowings of approximately HK\$229 million (30 June 2024: HK\$262 million) to shareholders' funds of approximately HK\$767 million (30 June 2024: HK\$800 million).

During the period under review, the Group funded its operations principally with cash generated from its operations and bank borrowings.

The Group continues to derive its working capital from net cash generated from operating activities, additional bank borrowings, capital exercises and/or sale of non-core assets. The Group continues to manage its financial position carefully and maintains conservative policies in financial management. The Board closely reviews and monitors the Group's liquidity position to ensure that the Group can meet its funding requirement from time to time.

## **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 the fluctuations in the Renminbi exchange rate and any other exchange risks.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2024, the Group had pledged properties, plant and equipment and investment properties with the aggregate net book value of approximately HK\$5 million and HK\$569 million respectively (30 June 2024: HK\$6 million and HK\$553 million) to secure general banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2024 and 30 June 2024, the Company did not issue guarantees to secure any loan granted to its subsidiaries.

## **FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES**

For the period under review, the Group entered into copper forward contracts (“**Derivative Financial Instruments**”) to manage copper price risks. The Group's overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group's policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 31 December 2024 and the changes in fair value were charged to the income statement. The net gain of the Derivative Financial Instruments for the period under review was approximately HK\$37,000 (31 December 2023 interim: net gain of HK\$83,000).

## **CAPITAL STRUCTURE**

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



## **VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST OF DONGGUAN HUA YI BRASS PRODUCTS CO., LTD.**

On 20 November 2024, the Company announced that Modern China Enterprises Limited (the “**Vendor**”, an indirect wholly-owned subsidiary of the Company), Dongguan Yinhua Industrial Investment Co., Ltd.\* (東莞市銀華實業投資有限公司) (the “**Purchaser**”), Dongguan Hua Yi Brass Products Co., Ltd.\* (東莞華藝銅業有限公司) (the “**Target Company**”), the Vendor’s Guarantors and the Purchaser’s Guarantor entered into an equity transfer agreement (the “**Equity Transfer Agreement**”). Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 100% equity interest of the Target Company, for a consideration of RMB70,000,000 (equivalent to approximately HK\$77,000,000) in cash (the “**Disposal**”).

The Target Company is a limited liability company established under the laws of the PRC on 28 December 1995 with registered capital of US\$21,925,000 and paid-up capital of US\$20,025,000. The Target Company is an indirect wholly-owned subsidiary of the Company and its entire equity interest is owned by the Vendor.

The Target Company is principally engaged in trading of copper products and property holding. The Target Company owns the land use right of a parcel of the land which is situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村). The land, with a registered site area of 102,050 sq. m., is stipulated for industrial use. The Target Company has been granted the land use right of the land until 2055. Several factory buildings (collectively, the “**Industrial Complex**”) are erected on the land, with total gross floor area of 74,752.4 sq. m. Currently, (i) Phase I-B and certain portion of Phase I-A of the Industrial Complex, with gross floor area of 71,306.06 sq. m. and 1,300 sq. m. respectively, have been leased to two independent third parties for industrial use until 2036 and 2024, respectively, at the total current monthly rent of RMB1,120,544.14 (inclusive of tax); and (ii) the remaining portion of Phase I-A of the Industrial Complex, with gross floor area of 2,146.34 sq. m., was previously occupied by the Group as a backup warehouse which has been left vacant. The remaining portion of the land is a vacant site which has been planned for constructing new factory buildings.

### **The Vendor and the Vendor’s Guarantors**

The Vendor is a company incorporated in Hong Kong on 12 July 2004 with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Vendor's Guarantors are:

- (i) the Company;
- (ii) Chau's Electrical (B.V.I.) Co., Ltd (周氏電業(海外)有限公司\*), which is a limited liability company incorporated in the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property holding;
- (iii) Mr. Chau Lai Him who is the Chairman and Managing Director of the Company and the sole director of the Vendor; and
- (iv) Mr. Chau Chi Ho who is the deputy chairman and an executive Director of the Company.

### **The Purchaser and the Purchaser's Guarantor**

The Purchaser is a limited liability company established under the laws of the PRC on 17 October 2024. It is principally engaged in investment, property management, property leasing, and business management. The equity interest of the Purchaser is owned as to 30% by Dongguan Hong An Industrial Holding Co., Ltd.\* (東莞市弘安實業控股有限公司) (a company established under the laws of the PRC, which is owned as to 83.5% by Mr. Chen Xin (陳欣) and 16.5% by Mr. Luo Dirui (羅帝銳)), 20% by the Purchaser's Guarantor, 20% by Mr. Ye Xuqiang (葉旭強), 20% by Sheng Chuan (Dongguan) Investment Co., Ltd.\* (昇創東莞市投資有限公司) (a company established under the laws of the PRC, which is owned as to 97% by Mr. Liang Yusheng (梁裕升) and 3% by Mr. Li Shaohua (李少華)) and 10% by Mr. Lu Guojie (盧國杰), all of the above individuals are private investors and are independent third parties.

Mr. Fang Yanjun (房燕軍) is the Purchaser's Guarantor and is a PRC citizen and private investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners, the Purchaser's Guarantor and its associates are independent third parties and its associates do not have any interests in the issued share capital of the Company.

Pursuant to the Equity Transfer Agreement, the consideration of RMB70,000,000 (equivalent to approximately HK\$77,000,000) (the "**Consideration**") shall be settled by cash in the following manner:

- (a) RMB30,000,000, as prepayment, to be paid by the Purchaser to the Vendor within seven working days after the signing of the Equity Transfer Agreement; and
- (b) RMB40,000,000, being the balance of the Consideration, to be paid by the Purchaser to the Vendor within seven working days from the date of Completion.

## **Basis of determination of the Consideration**

The Consideration was determined after arm's length negotiations between the Company and the Purchaser after taking into account of (a) the preliminary valuation of 100% equity interest of the Target Company made by Peak Vision Appraisals Limited (the “**Valuer**”, an independent valuer) as at 31 October 2024 of approximately RMB76,500,000 (equivalent to HK\$84,150,000); (b) the current condition of the industrial property market in the PRC; and (c) other factors as set out in the paragraph headed “Reasons for and Benefits of the Disposal”.

In assessing the basis of the consideration in respect of the Disposal, the Company has engaged the Valuer to appraise the value of the entire equity interest of the Target Company (the “**Business Valuation**”). According to the preliminary Business Valuation, the appraised asset value of the Target Company as at 31 October 2024 was approximately RMB76,500,000 (equivalent to HK\$84,150,000) using the asset-based approach.

The Directors consider that the appraisal results reflected the value of the entire equity interest of the Target Company and are fair and reasonable and that the Consideration, being RMB70,000,000, represents a discount of approximately 8.50% to the appraised value under the Business Valuation.

The Directors are of the view that the Consideration is fair and reasonable having considered the prevailing market sentiment of the property market in the PRC.

## **Reasons for and Benefits of the Disposal**

As disclosed in the annual report of the Company for the year ended 30 June 2024 (the “**2024 Annual Report**”), the Group recorded net current liabilities amounted to approximately HK\$46 million. The Group has implemented a prudent financial management policy and continues to derive its working capital from different means, including sale of non-core assets to improve its financial position.

The local real estate market has been adversely impacted by the economic uncertainty over the past few years, resulting in lower transaction volume and liquidity in the recent period. The Group had been offering to lease out or sell the Property since the completion of the construction work for Phase I-B in 2023. It was only until July 2024 that the Group was able to secure a tenancy agreement in relation to Phase I-B with the tenant, and among five other potential purchasers who had approached the Group, the Purchaser is the only willing purchaser who expressed an interest in acquiring the Target Company and the underlying Property on reasonable terms. Furthermore, under the relevant construction land use planning permit, the Group is obliged to construct Phase II of the Industrial Complex, which requires the Group's further capital commitment in the expected amount of approximately RMB260,000,000, inevitably imposing a financial burden on the Group. Coupled with the lower demand for industrial properties in the city as perceived by the Group, as well as the anticipated construction costs of Phase II of the Industrial Complex, the Directors believe that the Property may not be able to generate favourable future rental returns. As a result, the Directors consider that it would be more prudent to consolidate the Group's resources in managing and maintaining its other properties in the portfolio. Given that a portion of the Industrial Complex previously used by the Group as a backup warehouse which is no longer in use and currently vacant, and the Group has other warehouses in Guangdong Province that can serve as substitutes, the Disposal will not affect the Group's operations. By relieving the burden of further capital and resource commitments required for the future development of Phase II of the Industrial Complex after the Disposal, the Disposal represents a valuable opportunity for the Group to realise the Property and obtain immediate cash flow to satisfy its financial needs amid the prevailing uncertain economic condition.

Having considered the above, the Directors are of the view that the Disposal would allow the Group to save considerable amount of maintenance and development costs, mitigate the risks of the real estate market, improve its liquidity and financial condition, and re-allocate its financial resources to better uses. Accordingly, the Directors consider that (i) the Disposal and the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; (ii) the terms of the Equity Transfer Agreement, which are determined after arm's length negotiations between the parties, are fair and reasonable; and (iii) the Disposal is in the interests of the Company and its shareholders as a whole.

### **Implications under The Listing Rules**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Special General Meeting and Approval from the Company’s Shareholders**

The special general meeting (“SGM”) was convened on 17 February 2025, on which the ordinary resolution in respect of the Equity Transfer Agreement and the transactions contemplated thereunder was duly passed by the shareholders of the Company by way of poll.

### **Completion**

Completion of the Disposal shall take place subject to the satisfaction of all the conditions precedent of the Disposal on or before the Long Stop Date, which falls on 120 days after signing the Equity Transfer Agreement or such later date as the Vendor and Purchaser may agree. Following the completion of the Disposal, the Vendor will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Group.

Further details of the Disposal are set out in the announcements dated 20 November 2024, 20 December 2024, 9 January 2025 and 17 February 2025 and the circular dated 24 January 2025.

### **SIGNIFICANT INVESTMENT**

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

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

As disclosed in the announcements of the Company dated 29 September 2023, 28 February 2024 and 27 September 2024, 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 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. The Intermediate People’s Court of Zhanjiang City, Guangdong Province ruled in mid-March 2024 that the first instance decision was based on unclear findings of basic facts and that the case should be remanded to the People’s Court of Lianjiang City, Guangdong Province for retrial. On 5 July 2024, the first hearing of the retrial was held at the People’s Court of Lianjiang City, Guangdong Province. As at the date of this announcement, no judgement has been handed down for the retrial.

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.**

## **SHARE OPTIONS**

The Company adopted the currently effective share option Scheme (the “**Share Option Scheme**”) in accordance with Chapter 17 of the Listing Rules, pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2022. Details of the principal terms of the Share Option Scheme were set out in the circular of the Company dated 10 November 2022.

After the Share Consolidation became effective on 15 April 2024, the maximum number of ordinary shares of HK\$0.20 each in the share capital of the Company (the “**Shares**”) subject to the Scheme Mandate Limit under the Share Option Scheme became 11,872,661, representing 10% of the Shares in issue as at 15 April 2024.

On 27 May 2024 (“**Date of Grant**”), the Company resolved to grant share options to subscribe for a total of 11,870,000 Shares, representing 9.998% of the Shares in issue, to six Directors and certain employee participants (collectively, the “**Grantees**”), subject to acceptances by the Grantees, under the Share Option Scheme.

The details of the options granted on 27 May 2024 were set out in the announcement of the Company dated 27 May 2024 and the 2024 Annual Report.

As at 30 June 2024, the total number of share options available for future grants under the Share Mandate Limit was 2,661 Shares, representing 0.002% of the Shares in issue and the total number of share options available for future grants under the Service Provider Sublimit was 2,661 Shares, representing 0.002% of the Shares in issue.

The Company has not adopted any other share scheme subject to Chapter 17 of the Listing Rules during the period under review.

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

Name or category of participants	Date of Grant	Exercisable period	Exercise price HK\$ <i>Note (1)</i>	Number of Share Options					Outstanding at 31 December 2024
				Outstanding at 1 July 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
<b>Share Options Granted on 27 May 2024</b>									
<b>Directors</b>									
Chau Lai Him	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	-	-	-	-	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	-	-	-	-	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	-	-	-	-	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	-	-	-	-	110,000
Lo Wai Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	-	-	-	-	110,000
Lo Chao Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	-	-	-	-	110,000
<b>Employees</b>	27 May 2024	27 May 2025 to 26 May 2027	0.44	8,000,000	-	-	-	-	8,000,000
				11,870,000	-	-	-	-	11,870,000
				11,870,000	-	-	-	-	11,870,000

*Notes:*

- (1) (i) The closing price per share as stated in the Stock Exchange's daily quotation sheet on 27 May 2024 was HK\$0.44; (ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding 27 May 2024 was HK\$0.428; and (iii) the closing price per share as stated in the Stock Exchange's daily quotation sheet on 24 May 2024 (the trading day immediately preceding the date of grant, i.e. 27 May 2024) was HK\$0.44. The vesting period is the period from 27 May 2024 to 26 May 2025, so all the above share options have not vested as at the date of this announcement. There is no performance target attached to the above share options.
- (2) During the period from 1 January 2025 to the date of this announcement, 1,180,000 share options granted to an employee of the Group lapsed.

During the period under review, no share options lapsed and no share options were exercised or cancelled.

As at 31 December 2024, there were a total of 11,870,000 outstanding share options entitling the Grantees thereof to subscribe for a total of 11,870,000 Shares, representing approximately 9.998% of the number of 118,726,617 Shares in issue of the Company on that date.

During the period from 1 January 2025 to the date of this announcement, 1,180,000 share options granted to an employee of the Group lapsed. Therefore, as at the date of this announcement, there were a total of 10,690,000 outstanding share options entitling the Grantees thereof to subscribe for a total of 10,690,000 Shares, representing approximately 9.004% of the number of Shares in issue of the Company.

### **Refreshment of the Scheme Mandate Limit and Refreshment of the Service Provider Sublimit**

Reference is made to the circular of the Company dated 24 October 2024 (the “**Circular**”) and the announcement dated 6 December 2024.

At the 2024 annual general meeting of the Company (the “**2024 AGM**”) which was held on 6 December 2024, the refreshment of the scheme mandate limit and the refreshment of the service provider sublimit under the Share Option Scheme were both approved by the independent shareholders of the Company. Upon refreshment, the aggregate number of Shares that may be issued under the options to be granted pursuant to the Share Option Scheme under the refreshed scheme mandate limit is 11,872,661 Shares, representing approximately 10% of the 118,726,617 Shares in issue as the date of the 2024 AGM; and 3,561,798 Shares are available for grants of share options to eligible service providers under the refreshed service provider sublimit under the Share Option Scheme, representing approximately 3% of the 118,726,617 Shares in issue as at the date of 2024 AGM.

The Stock Exchange of Hong Kong Limited (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 refreshed Scheme Mandate pursuant to the Share Option Scheme.

### **Total Number of Shares of the Company Available for Issue**

Taking into account the outstanding share options granted 27 May 2024 and the refreshed scheme mandate limit, as at 31 December 2024, the total number of Shares of the Company available for issue under the Share Option Scheme is 23,742,661 Shares, representing approximately 19.998% of the total number of Shares in issue.

As 1,180,000 share options lapsed after 31 December 2024, as at the date of this announcement, the total number of Shares of the Company available for issue under the Share Option Scheme is 22,562,661 Shares, representing approximately 19.004% of the total number of Shares in issue.



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

As at 31 December 2024, the interest of the Directors and their associates in the Shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") are as follows:

Name of Director	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position (Note)	Total percentage of the issued share capital of the Company
Chau Lai Him	Beneficial owner	0	1,180,000	0.994%
Chau Chi Ho	Beneficial owner	1,980,000	1,180,000	2.662%
Liu Dong Yang	Beneficial owner	0	1,180,000	0.994%
Chung Kam Kwong	Beneficial owner	0	110,000	0.093%
Lo Wai Ming	Beneficial owner	20,000	110,000	0.109%
Lo Chao Ming	Beneficial owner	15,000	110,000	0.105%

*Note:* Long position in the underlying shares of the Company under the share options granted on 27 May 2024 pursuant to the Share Option Scheme.

Other than as disclosed above, as at 31 December 2024, 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 31 December 2024, there were no persons (other than the Directors or the chief executive of the Company) who had a notifiable interest or short position in the shares or underlying shares of the Company recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the six months ended 31 December 2024.

## **APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHANGE IN COMPOSITION OF BOARD COMMITTEES**

With effect from 18 December 2024, Ms. Dou Biling (竇碧玲) (“**Ms. Dou**”) has been appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee, nomination committee and whistleblowing committee of the Company.

Ms. Dou, aged 65, obtained the qualification of intermediate-level accountant in professional accounting in PRC in July 1992. She received a bachelor’s degree in economics and management from the Correspondence Institute of the Party School of the Central Committee of the CPC\* (中共中央黨校函授學院) in December 1999. Ms. Dou has extensive experience in financial management, establishing financial frameworks for various groups and companies, as well as developing and planning corporate financing and operations. From January 1978 to December 1996, Ms. Dou worked at the Finance Department of Guangdong State-Owned Jinxing Farm\* (廣東農墾國營金星農場), where she had held positions as chief accountant, deputy section chief and section chief. From January 1997 to September 2014, Ms. Dou had served as deputy manager and manager of the Finance Department of Guangdong Dongfang Sisal Group Co., Ltd.\* (廣東省東方劍麻集團有限公司). Throughout her career in financial management, she has been recognised as an Advanced Worker (先進工作者) in the financial and accounting fields a number of times.

Full details pertaining to the appointment of Ms. Dou are set out in the announcement of the Company dated 18 December 2024.

Following the appointment of Ms. Dou on 18 December 2024, the Company has complied with the requirement under Rule 13.92 of the Listing Rules regarding gender diversity of the Board with at least one female Director before 31 December 2024 in accordance with the timeline specified in the Rule.

## **CORPORATE GOVERNANCE**

During the period 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 the Corporate Governance Code under Appendix C1 to the Listing Rules (the “**Code**”), save and except for the deviations from Code provisions B.2.3, B.2.4(b), C.2.1 and F.2.2 which are explained below.

### Code provision B.2.3

Under Code provision B.2.3, if an independent non-executive director serves more than nine years on the board of directors, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company.

Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming, independent non-executive Directors of the Company, have served more than nine years on the Board.

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, Mr. Chung retired from office by rotation at the 2023 annual general meeting of the Company held on 8 December 2023 (the “**2023 AGM**”) and was re-elected by an ordinary resolution of the shareholders of the Company at the 2023 AGM. Mr. Chung has been serving as the chairman of the audit committee of the Company (the “**Audit Committee**”) 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. An ordinary resolution was passed at the 2023 AGM to approve the reappointment of Mr. Chung as an independent non-executive Director.

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, Mr. Lo Wai Ming retired from office by rotation at the 2023 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2023 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. An ordinary resolution was passed at the 2023 AGM to approve the re-appointment of Mr. Lo Wai Ming as an independent non-executive Director.

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, Mr. Lo retired from office by rotation at the 2024 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2024 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 2024 AGM to approve the re-appointment of Mr. Lo as an independent non-executive Director.

### **Code provision B.2.4(b)**

Under Code provision B.2.4(b), where all the independent non-executive directors of an issuer have served more than nine years on the board of directors, 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.

Following the appointment of Ms. Dou on 18 December 2024, the Company has complied with the requirements under Code provision B.2.4(b).

### **Code provision C.2.1**

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

During the period under review, Mr. Chau Lai Him (“**Mr. Chau**”) acted as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive experience in the cable and wire industry and the mining industry. Mr. Chau is responsible for the effective running of the Board and for formulating business strategies. The Directors believe that it is in the best interests of the Group to have Mr. Chau continue to be both the Chairman and the Managing Director of the Company and that the current management structure has been effective for the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

The Directors will continue to review the effectiveness of the Group’s corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

## **Code provision F.2.2**

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

During the period under review, Mr. Chau Lai Him, the Chairman of the Board and the Managing Director of the Company, attended the 2024 AGM by electronic facilities and Mr. Chau Chi Ho, the deputy Chairman of the Board and an executive Director of the Company, presided over the 2024 AGM.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling, 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, together with BDO Limited, the auditor of the Company, has reviewed the unaudited interim results of the Group for the period under review. The Audit Committee has agreed with the accounting treatments adopted.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code as the code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all Directors, each of the Directors confirmed that he had complied with the required standards set out in the Model Code throughout the period under review.

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

Hong Kong, 27 February 2025

*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, Mr. Lo Chao Ming and Ms. Dou Biling.*