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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2009/2010 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “Directors”) 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 2010 together with last year’s comparative figures as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Notes	Continuing operations		Discontinued operation		Total	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Turnover	3 & 4	756,444	615,849	647,836	521,096	1,404,280	1,136,945
Cost of sales		<u>(716,830)</u>	<u>(631,399)</u>	<u>(492,764)</u>	<u>(435,557)</u>	<u>(1,209,594)</u>	<u>(1,066,956)</u>
Gross profit/(loss)		39,614	(15,550)	155,072	85,539	194,686	69,989
Interest income		664	1,073	2,353	4,766	3,017	5,839
Other income		3,599	20,585	2,656	7,923	6,255	28,508
General and administrative expenses		(100,101)	(87,621)	(67,176)	(54,434)	(167,277)	(142,055)
Selling and distribution expenses		(12,628)	(12,625)	(8,814)	(11,416)	(21,442)	(24,041)
Change in fair value of derivative financial instruments		(3,500)	(140)	-	-	(3,500)	(140)
Change in fair value of convertible bond	13	141,344	-	-	-	141,344	-
Impairment loss recognised for doubtful debts, net		(1,843)	(5,976)	(250)	(5,199)	(2,093)	(11,175)
Impairment loss on loan receivable		-	(44,960)	-	-	-	(44,960)
Impairment loss on property, plant and equipment		-	(60,566)	(26,430)	(1,536)	(26,430)	(62,102)
Finance costs	6	(30,677)	(15,820)	(817)	(4,373)	(31,494)	(20,193)
Share of results of associates		(2,230)	(122,246)	-	-	(2,230)	(122,246)
Loss on disposal of subsidiaries	15	-	-	(197,141)	-	(197,141)	-
Loss on deemed disposal of a listed associate		-	(54,595)	-	-	-	(54,595)
Loss on disposal of a listed associate		-	(89,736)	-	-	-	(89,736)
Discount on acquisition of additional interest in a subsidiary		-	-	-	1,971	-	1,971
Gain on asset swap		-	14,322	-	-	-	14,322
Profit/(loss) before taxation	5	34,242	(473,855)	(140,547)	23,241	(106,305)	(450,614)
Taxation	7	2,211	(1,408)	(34,566)	(18,983)	(32,355)	(20,391)
Profit/(loss) for the year		36,453	(475,263)	(175,113)	4,258	(138,660)	(471,005)
Other comprehensive income:							
Exchange differences on translating foreign operations		20,766	(3,548)	-	(22,840)	20,766	(26,388)
Reclassification adjustments of exchange reserve upon disposal of interests in a listed associate and asset swap		-	-	-	(32,117)	-	(32,117)
Reclassification adjustments of exchange reserve upon disposal of subsidiaries		-	-	(16,673)	-	(16,673)	-
Other comprehensive income for the year		20,766	(3,548)	(16,673)	(54,957)	4,093	(58,505)
Total comprehensive income for the year		<u>57,219</u>	<u>(478,811)</u>	<u>(191,786)</u>	<u>(50,699)</u>	<u>(134,567)</u>	<u>(529,510)</u>

	Note	Continuing operations		Discontinued operation		Total	
		2010	2009	2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the year attributable to:							
Owners of the Company		36,453	(475,263)	(175,113)	4,363	(138,660)	(470,900)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>(105)</u>	<u>-</u>	<u>(105)</u>
		<u>36,453</u>	<u>(475,263)</u>	<u>(175,113)</u>	<u>4,258</u>	<u>(138,660)</u>	<u>(471,005)</u>
Total comprehensive income attributable to:							
Owners of the Company		57,219	(478,811)	(191,786)	(50,467)	(134,567)	(529,278)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>(232)</u>	<u>-</u>	<u>(232)</u>
		<u>57,219</u>	<u>(478,811)</u>	<u>(191,786)</u>	<u>(50,699)</u>	<u>(134,567)</u>	<u>(529,510)</u>
(Loss)/earnings per share:	9						(Restated)
from continuing and discontinued operations							
- Basic (HK cents)						<u>(8.32)</u>	<u>(389.67)</u>
- Diluted (HK cents)						<u>(8.32)</u>	<u>(389.67)</u>
from continuing operations							
- Basic (HK cents)						<u>2.19</u>	<u>(393.28)</u>
- Diluted (HK cents)						<u>(5.45)</u>	<u>(393.28)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	<i>Notes</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		294,277	411,412
Prepayments for acquisition of property, plant and equipment		–	1,600
Prepaid lease payments for land		96,573	105,394
Intangible asset	<i>10</i>	1,163,828	–
Interest in an associate		9,185	11,310
Goodwill		–	23,389
Convertible bond	<i>13</i>	141,081	–
		<hr/>	<hr/>
Total non-current assets		1,704,944	553,105
Current assets			
Inventories		112,449	178,284
Debtors, other loans and receivables, deposits and prepayments	<i>11</i>	216,558	212,602
Bills receivable		18,662	13,172
Prepaid lease payments for land		2,631	2,593
Derivative financial assets		–	54
Tax recoverable		872	3,893
Pledged deposits and bank balances		49,988	48,136
Bank balances and cash		217,244	98,442
		<hr/>	<hr/>
Total current assets		618,404	557,176
Current liabilities			
Creditors, other advances and accrued charges	<i>12</i>	63,258	138,805
Bills payable		120,128	107,144
Taxation		347	7,776
Obligations under finance leases		665	4,077
Borrowings		165,338	185,846
Derivative financial liabilities		11,766	520
Deferred consideration payable		6,825	–
		<hr/>	<hr/>
Total current liabilities		368,327	444,168
Net current assets		250,077	113,008
		<hr/>	<hr/>
Total assets less current liabilities		1,955,021	666,113
		<hr/>	<hr/>

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current liabilities			
Convertible bond	<i>13</i>	1,028,621	–
Obligations under finance leases		755	2,383
Borrowings		–	4,775
Deferred consideration payable		–	6,674
Deferred tax liabilities		23,573	26,281
		<hr/>	<hr/>
Total non-current liabilities		1,052,949	40,113
		<hr/>	<hr/>
Total net assets		902,072	626,000
		<hr/>	<hr/>
EQUITY			
Capital and reserves			
Share capital		47,056	31,685
Reserves		854,516	593,815
		<hr/>	<hr/>
Equity attributable to owners of the Company		901,572	625,500
		<hr/>	<hr/>
Non-controlling interest		500	500
		<hr/>	<hr/>
Total equity		902,072	626,000
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Share option reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Share option reserve of a listed associate HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
At 1 July 2008	6,037	229,243	587,012	62,172	11,549	5,044	177,550	1,078,607	4,795	2,703	1,086,105
Total comprehensive income for the year	-	-	-	(58,378)	-	-	(470,900)	(529,278)	-	(232)	(529,510)
Open offer of new shares	24,146	35,843	-	-	-	-	-	59,989	-	-	59,989
Placements of new shares	1,200	6,469	-	-	-	-	-	7,669	-	-	7,669
Issue of shares upon exercise of share options	302	2,082	-	-	-	-	-	2,384	-	-	2,384
Transfer upon exercise of share options	-	667	-	-	-	(667)	-	-	-	-	-
Cancellation and lapse of share options	-	-	-	-	-	(5,044)	9,839	4,795	(4,795)	-	-
Disposal of a listed associate	-	-	-	-	(5,897)	-	5,897	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(1,971)	(1,971)
Recognition of equity-settled share-based payments	-	-	-	-	-	1,334	-	1,334	-	-	1,334
At 30 June 2009	<u>31,685</u>	<u>274,304</u>	<u>587,012</u>	<u>3,794</u>	<u>5,652</u>	<u>667</u>	<u>(277,614)</u>	<u>625,500</u>	<u>-</u>	<u>500</u>	<u>626,000</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	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>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2009	31,685	274,304	587,012	3,794	5,652	667	(277,614)	625,500	500	626,000
Total comprehensive income for the year	-	-	-	4,093	-	-	(138,660)	(134,567)	-	(134,567)
Disposal of subsidiaries	-	-	-	-	(786)	-	786	-	-	-
Capital reorganisation	(25,348)	-	25,348	-	-	-	-	-	-	-
Placements of new shares	29,407	296,037	-	-	-	-	-	325,444	-	325,444
Issue of shares upon exercise of share options	1,312	10,552	-	-	-	-	-	11,864	-	11,864
Transfer upon exercise of share options	-	3,996	-	-	-	(3,996)	-	-	-	-
Issue of shares upon partial conversion of convertible bond	10,000	59,335	-	-	-	-	-	69,335	-	69,335
Recognition of equity-settled share-based payments	-	-	-	-	-	3,996	-	3,996	-	3,996
Cancellation and lapse of share options	-	-	-	-	-	(667)	667	-	-	-
At 30 June 2010	47,056	644,224	612,360	7,887	4,866	-	(414,821)	901,572	500	902,072

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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, manufacture and trading of copper rods, manufacture and trading of connectors and terminals and mining business. Its associate is principally engaged in the manufacture and trading of optical fibre cable and related products. During the year, the Group’s business of the manufacture and trading of connectors and terminals was disposed of, details of which are set out in Notes 4 and 15.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- (a) **The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for the current accounting period.**

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 and HKAS 39 (Amendments)	Embedded Derivatives

The adoption of the above new/revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised) and other changes as set out below. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The statements of financial position, previously known as balance sheets, at the beginning of the year ended 30 June 2009 have not been presented as there were no changes to the originally published statements.

HKFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. The revised standard has had no impact on the current year as there has been no business combination transaction as defined under HKFRS 3.

HKAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions are recognised within equity and no longer give rise to goodwill, nor gain from bargain purchase. Furthermore, the amended standard specifies that accounting when control is lost and any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The amended standard has had no impact on the current year as there has been no transaction with non-controlling interest or transaction whereby an interest in an entity is retained after the loss of control of that entity.

HKFRS 8 supersedes HKAS 14 “Segment Reporting”, and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8.

The amendments to HKFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. A three-level fair value hierarchy has been introduced to categorise the fair value measurements according to the degree they are based on observable market data. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group’s operations, have been issued but are not yet effective and have not been early adopted by the Group:

		Effective date
HKFRSs (Amendments)	Improvements to HKFRSs 2009	<i>(i)</i>
HKFRSs (Amendments)	Improvements to HKFRSs 2010	<i>(ii)</i>
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions	<i>(i)</i>
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	<i>(iii)</i>
HKAS 24 (Revised)	Related Party Disclosures	<i>(iv)</i>
HKFRS 9	Financial Instruments	<i>(v)</i>

Effective date:

- (i) Annual periods beginning on or after 1 January 2010*
- (ii) Annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
- (iii) Annual periods beginning on or after 1 July 2010*
- (iv) Annual periods beginning on or after 1 January 2011*
- (v) Annual periods beginning on or after 1 January 2013*

The amendment to HKAS 17 made under the “Improvements to HKFRSs 2009”, mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value.

Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover, which is also the revenue, represents the amounts received and receivable for goods sold and provision of services (2009: goods sold) to outside customers, net of returns and discounts and sales related taxes during the year.

4. SEGMENTAL INFORMATION

(a) Reportable segments

The Group manages its business by divisions, which are organised by a mixture of both business lines and geography. The Group's reportable segments under HKFRS 8 do not differ materially from those previously under HKAS 14 and are therefore as follows:

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

As detailed in Note 15, on 31 December 2009, the Company entered into a conditional sale and purchase agreement to dispose of its business of the manufacture and trading of connectors and terminals and it has been completed on 30 April 2010. Further details are set out in the Company's announcement and circular dated 8 January 2010 and 9 April 2010 respectively. Accordingly, the business segment of manufacture and trading of connectors and terminals was classified as discontinued operation. The comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

As detailed in Note 14, on 4 May 2010, the Group completed its acquisition of mining operation located in the State of Mongolia and became engaged in the mining business, details of which are set out in the Company's announcements dated 30 November 2009 and 4 May 2010, and circular dated 9 April 2010. However, no active operation took place between the date of acquisition and 30 June 2010 and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2010 and for the year then ended for the purpose of segment reporting.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group's profit/(loss) before taxation except that interest income as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

For the year ended 30 June 2010

	Continuing operations			Discontinued operation Connectors and terminals		Elimination HK\$'000	Total HK\$'000
	Cables and wires HK\$'000	Copper rods HK\$'000	Others HK\$'000	Total HK\$'000	HK\$'000		
Revenue from external customers	390,374	366,038	32	756,444	647,836	-	1,404,280
Inter-segment revenue	14,381	113,001	-	127,382	256	(127,638)	-
Reportable segment revenue	404,755	479,039	32	883,826	648,092	(127,638)	1,404,280
Reportable segment (loss)/profit	(35,855)	(9,315)	124,313	79,143	(140,547)	-	(61,404)
Finance costs	(3,394)	(10,589)	(16,694)	(30,677)	(817)	-	(31,494)
Change in fair value of derivative financial instruments	(2,585)	1,622	(2,537)	(3,500)	-	-	(3,500)
Change in fair value of convertible bond	-	-	141,344	141,344	-	-	141,344
Impairment loss recognised for doubtful debts, net	(1,739)	(104)	-	(1,843)	(250)	-	(2,093)
Impairment loss on prepayments for property, plant and equipment	(1,600)	-	-	(1,600)	-	-	(1,600)
Impairment loss on property, plant and equipment	-	-	-	-	(26,430)	-	(26,430)
Share of results of associates	(2,230)	-	-	(2,230)	-	-	(2,230)
Amortisation on intangible asset	-	-	(6,197)	(6,197)	-	-	(6,197)
Loss on disposal of subsidiaries	-	-	-	-	(197,141)	-	(197,141)
Depreciation of property, plant and equipment	(25,744)	(9,046)	(2,327)	(37,117)	(15,975)	-	(53,092)
Taxation	918	1,344	(51)	2,211	(34,566)	-	(32,355)

For the year ended 30 June 2009

	Continuing operations			Discontinued operation Connectors and terminals		Elimination HK\$'000	Total HK\$'000
	Cables and wires HK\$'000	Copper rods HK\$'000	Others HK\$'000	Total HK\$'000	HK\$'000		
Revenue from external customers	485,717	119,721	10,411	615,849	521,096	-	1,136,945
Inter-segment revenue	17,897	29,684	-	47,581	123	(47,704)	-
Reportable segment revenue	503,614	149,405	10,411	663,430	521,219	(47,704)	1,136,945
Reportable segment (loss)/profit	(116,380)	(182,181)	(173,863)	(472,424)	23,241	-	(449,183)
Finance costs	(10,244)	(5,576)	-	(15,820)	(4,373)	-	(20,193)
Impairment loss recognised for doubtful debts, net	(2,215)	(3,288)	(473)	(5,976)	(5,199)	-	(11,175)
Impairment loss on property, plant and equipment	(35,909)	-	(24,657)	(60,566)	(1,536)	-	(62,102)
Impairment loss on loan receivable	-	(44,960)	-	(44,960)	-	-	(44,960)
Change in fair value of derivative financial instruments	(912)	868	(96)	(140)	-	-	(140)
Share of results of associates	(936)	(121,310)	-	(122,246)	-	-	(122,246)
Loss on deemed disposal of a listed associate	-	-	(54,595)	(54,595)	-	-	(54,595)
Loss on disposal of a listed associate	-	-	(89,736)	(89,736)	-	-	(89,736)
Discount on acquisition of additional interest in a subsidiary	-	-	-	-	1,971	-	1,971
Gain on asset swap	-	-	14,322	14,322	-	-	14,322
Depreciation of property, plant and equipment	(25,025)	(3,910)	(10,187)	(39,122)	(14,238)	-	(53,360)
Taxation	(1,107)	(142)	(159)	(1,408)	(18,983)	-	(20,391)

As at 30 June 2010

	Continuing operations				Discontinued operation	Total
	Cables and wires	Copper rods	Others	Total	Connectors and terminals	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	350,786	359,493	1,593,150	2,303,429	–	2,303,429
Additions to non-current assets	3,081	154	1,167,206	1,170,441	21,572	1,192,013
Reportable segment liabilities	115,852	230,958	1,045,450	1,392,260	–	1,392,260

As at 30 June 2009

	Continuing operations				Discontinued operation	Total
	Cables and wires	Copper rods	Others	Total	Connectors and terminals	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	414,583	358,009	37,207	809,799	292,191	1,101,990
Additions to non-current assets	4,924	–	–	4,924	37,824	42,748
Reportable segment liabilities	111,012	238,703	1,710	351,425	87,791	439,216

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

	For the year ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Loss before taxation and discontinued operation		
Reportable segment loss	(61,404)	(449,183)
Segment loss/(gain) from discontinued operation	140,547	(23,241)
Unallocated corporate expenses	(44,901)	(1,431)
	<u>34,242</u>	<u>(473,855)</u>
Consolidated profit/(loss) before taxation from continuing operations		
	<u>34,242</u>	<u>(473,855)</u>
	30 June 2010	30 June 2009
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	2,303,429	1,101,990
Unallocated corporate assets	19,919	8,291
	<u>2,323,348</u>	<u>1,110,281</u>
Consolidated total assets		
	<u>2,323,348</u>	<u>1,110,281</u>

	30 June 2010 <i>HK\$'000</i>	30 June 2009 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	1,392,260	439,216
Current tax liabilities	347	7,776
Deferred tax liabilities	23,573	26,281
Unallocated corporate liabilities	5,096	11,008
	<hr/>	<hr/>
Consolidated total liabilities	1,421,276	484,281
	<hr/>	<hr/>

(c) Geographical information

The Group's operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets (the "Specified non-current assets") are located in Hong Kong, the PRC, Americas, Europe and other Asian regions.

The following table provides an analysis of the Group's sales and the Specified non-current assets by geographical markets from continuing operations, irrespective of the origin of the goods:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Mainland China	586,809	464,286
Americas	91,806	81,610
Europe	29,731	26,577
Hong Kong	23,666	23,273
Other Asian regions	24,432	20,103
	<hr/>	<hr/>
	756,444	615,849
	<hr/>	<hr/>
	Specified non-current assets	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Mainland China	389,496	433,780
Americas	99	70,452
Europe	318	398
Hong Kong	10,122	36,877
Other Asian regions	1,163,828	11,598
	<hr/>	<hr/>
	1,563,863	553,105
	<hr/>	<hr/>

(d) Information about major customer

During the year, a customer contributed revenues of HK\$61,857,000 (2009: HK\$66,094,000) and HK\$396,880,000 (2009: HK\$415,758,000) to the Group's cables and wires segment and connectors and terminals segment, respectively.

5. PROFIT/(LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before taxation has been arrived at after charging:						
Auditors' remuneration	1,545	891	748	126	2,293	1,017
Depreciation of property, plant and equipment	37,117	39,122	15,975	14,238	53,092	53,360
Amortisation of intangible asset	6,197	–	–	–	6,197	–
Cost of inventories	716,830	631,399	492,764	435,557	1,209,594	1,066,956
Write-down/(back) of inventories, net	2,618	(10,796)	–	8,191	2,618	(2,605)
Charge of prepaid lease payments for land	2,602	1,666	150	180	2,752	1,846
Operating lease rentals in respect of rented premises	1,423	1,224	1,437	1,556	2,860	2,780
Impairment loss on prepayments for property, plant and equipment	1,600	–	–	–	1,600	–
Loss on disposal of property, plant and equipment	2,225	1,582	5,895	3,902	8,120	5,484
Exchange difference, net	(1,485)	5,045	(4,894)	(612)	(6,379)	4,433
Wages, salaries and pension attribution including directors' remuneration	63,436	40,929	31,562	82,083	94,998	123,012
Share-based payments expense	3,996	1,334	–	–	3,996	1,334
and after crediting:						
Interest income on bank deposits	664	363	2,353	4,767	3,017	5,130
Rental income	–	386	–	–	–	386
Sub-contracting income	32,632	15,685	–	–	32,632	15,685
Sales of scrapped inventories	36	989	15	5,747	51	6,736
Interest income on other loans receivable	–	709	–	–	–	709

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank and other borrowings wholly repayable within five years	13,869	15,614	225	4,315	14,094	19,929
Interest on finance leases	115	206	592	58	707	264
Imputed interest on convertible bond	16,693	–	–	–	16,693	–
	30,677	15,820	817	4,373	31,494	20,193

7. TAXATION

	Continuing operations		Discontinued operation		Total	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong profits tax:						
Current year	-	51	-	-	-	51
Under-provision in respect of prior years	51	179	-	-	51	179
Taxation in other jurisdictions:						
Current year	968	390	35,117	15,064	36,085	15,454
(Over)/under-provision in respect of prior years	(714)	161	(431)	51	(1,145)	212
	<u>305</u>	<u>781</u>	<u>34,686</u>	<u>15,115</u>	<u>34,991</u>	<u>15,896</u>
Deferred taxation	(2,516)	627	(120)	3,967	(2,636)	4,594
Effect of change in tax rate	-	-	-	(99)	-	(99)
	<u>(2,211)</u>	<u>1,408</u>	<u>34,566</u>	<u>18,983</u>	<u>32,355</u>	<u>20,391</u>

Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit arising in Hong Kong during the year.

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 do not recommend the payment of any dividend for the year ended 30 June 2010 (2009: HK\$Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/earnings for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the capital reorganisation during the year. Basic and diluted (loss)/earnings per share amounts for the year ended 30 June 2009 is restated to take into effect the capital reorganisation during the year.

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company are based on the following data:

Loss	2010 HK\$'000	2009 HK\$'000
Loss for the purpose of basic loss per share from continuing and discontinued operations	<u>(138,660)</u>	<u>(470,900)</u>
Number of shares	2010	2009 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,666,662,450</u>	<u>120,846,158</u>

The computation of diluted loss per share from continuing and discontinued operations does not assume the conversion of the Company's outstanding convertible bond and the exercise of share options since the conversion/exercise would have an anti-dilutive effect in the respective years. Therefore, the basic and diluted loss per share amounts for the respective years are equal.

From continuing operations

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

(Loss)/earnings	2010 HK\$'000	2009 HK\$'000 (Restated)
(Loss)/earnings for the purpose of basic loss per share from continuing operations	36,453	(475,263)
Effect of dilutive ordinary shares:		
Interest on convertible bond (net of tax)	13,939	–
Change in fair value of convertible bond	<u>(141,344)</u>	<u>–</u>
Loss for the purpose of diluted loss per share	<u>(90,952)</u>	<u>(475,263)</u>

Number of shares	2010	2009 (Restated)
Weighted average number of shares for the purpose of (loss)/earnings per share from continuing operations	1,666,662,450	120,846,158
Effect of dilutive potential ordinary shares:		
Convertible bond	<u>2,223,187</u>	<u>–</u>
Weighted average number of shares for the purpose of diluted loss per share from continuing operations	<u>1,668,885,637</u>	<u>120,846,158</u>

The computation of diluted loss per share from continuing operations does not assume the exercise of the Company's outstanding share options during the year ended 30 June 2009 since its exercise would have an anti-dilutive effect in the prior year. Therefore, the basic and diluted loss per share amounts for the prior year are equal.

From discontinued operation

Basic loss per share from the discontinued operation is 10.51 HK cents per share (2009: basic earnings per share of 3.61 HK cents per share (restated)) and diluted loss per share from the discontinued operation is 10.51 HK cents per share (2009: diluted earnings per share of 3.52 HK cents per share (restated)), based on the following data:

(Loss)/earnings	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
(Loss)/earnings for the purpose of basic (loss)/earnings per share from discontinued operation	<u>(175,113)</u>	<u>4,363</u>

Number of shares	2010	2009 (Restated)
Weighted average number of shares for the purpose of (loss)/earnings per share from discontinued operation	1,666,662,450	120,846,158
Effect of dilutive potential ordinary shares:		
Share options	<u>–</u>	<u>3,067,747</u>
Weighted average number of shares for the purpose of diluted (loss)/earnings per share from discontinued operation	<u>1,666,662,450</u>	<u>123,913,905</u>

The computation of diluted loss per share from discontinued operation does not assume the conversion of the Company's outstanding convertible bond during the year ended 30 June 2010 since its conversion would have an anti-dilutive effect in the current year. Therefore, the basic and diluted loss per share amounts for the current year are equal.

Loss for the year ended 30 June 2009 attributable to owners of the Company is restated as a result of the re-presentation of the Group's manufacture and trading of connectors and terminals operation as if it had been discontinued at the beginning of the year ended 30 June 2009.

10. INTANGIBLE ASSET

	The Group Mining right <i>HK\$'000</i>
COST	
Additions on acquisition of subsidiaries*	1,165,413
Exchange realignments	4,612
	<hr/>
At 30 June 2010	1,170,025
	<hr/>
ACCUMULATED AMORTISATION	
Charge for the year and at 30 June 2010	6,197
	<hr/>
NET CARRYING AMOUNT	
At 30 June 2010	1,163,828
	<hr/>
At 30 June 2009	–
	<hr/>

* *It comprised the acquisition consideration and costs directly attributable to the acquisition. Further details of the acquisition of subsidiaries which gave rise to the recognition of the mining right above are set out in Note 14.*

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhantai soum, Dundgobi aimag, 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 amortised using the straight-line method over the expected useful life of 30 years and the current amortisation charge is included in general and administrative expenses.

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

At 30 June 2010, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK\$113,970,000 (2009: HK\$142,551,000).

- (i) The Group allows an average credit period of 90 days to its trade customers.
- (ii) The aging analysis of trade debtors, net of allowance for doubtful debts, based on invoice date, is as follows:

	The Group	
	2010	2009
	HK\$'000	<i>HK\$'000</i>
Within 30 days	108,610	126,175
31 – 60 days	4,533	9,370
61 – 90 days	575	3,539
Over 90 days	252	3,467
	<hr/>	<hr/>
	113,970	142,551
	<hr/>	<hr/>

At 30 June 2010, the Group's trade debtors in the amount of HK\$Nil (2009: HK\$1,477,000) were discounted to banks with recourse.

12. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 30 June 2010, included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$33,426,000 (2009: HK\$62,743,000).

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

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	20,572	44,262
31 – 60 days	6,944	4,317
61 – 90 days	3,234	2,727
Over 90 days	2,676	11,437
	33,426	62,743

13. CONVERTIBLE BOND

The Group and the Company

On 4 May 2010, the Company issued a convertible bond with principal amount of HK\$1,432,000,000 as part of the purchase consideration for the acquisition of subsidiaries, further details of which are set out in Note 14. The convertible bond bears zero coupon interest and has maturity date of 36 months from date of issue with a right to convert at a maximum of 9,546,666,667 shares of the Company at conversion price of HK\$0.15 per share. As detailed in the Company's announcement dated 4 May 2010, the conversion price of the convertible bond was reset to HK\$0.10 upon the issuance and accordingly the maximum number of shares that can be converted was adjusted to 14,320,000,000. Unless previously converted, the convertible bond will mature and will be redeemed by the Company at par on the maturity date. Other principal terms of the convertible bond are set out below:

- (1) Subject to the conversion restrictions (as described in (3) below), convertible bond holder shall have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the convertible bond registered in its name into shares and provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the convertible bond is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the convertible bond may be converted. This option of the convertible bond holder is referred to the Call Option.
- (2) Subject to the conversion restriction (as described in (3) below), the Company has the right to require the convertible bond holder to mandatorily convert any convertible bond remaining outstanding at the maturity date into conversion shares at the then applicable conversion price. This option of the Company as the issuer of the convertible bond is referred to the Put Option.
- (3) The convertible bond may not be converted to the extent that, following such conversion, a holder of the convertible bond, together with its concert parties, would directly or indirectly control or be interested in an aggregate of 29.9% or more of the issued shares immediately following the issue of the relevant conversion shares (or such other amount as may from time to time be specified in The Code on Takeovers and Mergers as being the level for triggering a mandatory general offer), or if a holder of the convertible bond would otherwise be obliged to make a general offer for the issued shares under Rule 26 of The Code on Takeovers and Mergers.

The exercise of conversion options embedded in the convertible bond would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The embedded derivatives of conversion options are therefore accounted for as a financial asset and liability in respect of the Put Option and the Call Option respectively. The principal of HK\$1,432,000,000 with initial recognition of fair value of HK\$1,081,526,000 of the convertible bond has been split into liability and derivative components. On issue of the convertible bond, the fair values of the derivative components were determined using an option pricing model and the amounts were carried as derivative component of an asset (the Put Option) and liability (the Call Option) until extinguished on conversion or redemption of the convertible bond. The liability component was initially recognised at fair value based on a discount rate of 10.36% per annum and was carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The derivative components were measured at respective fair values on the issue date and any subsequent changes in fair value of the derivative components as at the end of reporting period were recognised in profit or loss.

On 23 June 2010, principal amount of HK\$100,000,000 of the convertible bond was converted into shares of the Company. The conversion gave rise to the issue of 1,000,000,000 shares of HK\$0.10 each of the Company and derecognition in carrying value of liability component by HK\$75,410,000 and derecognition in carrying values of the Call Option and the Put Option by HK\$2,925,000 and HK\$9,000,000, respectively. As at 30 June 2010, the remaining principal amount of the convertible bond amounted to HK\$1,332,000,000 with carrying value of liability component of 1,006,355,000 and the Call Option and the Put Option of HK\$22,266,000 and HK\$141,081,000, respectively.

Note: During the year, fair value of the derivative components of the convertible bond increased and resulted in an aggregate fair value gain of HK\$141,344,000.

	Liability component of convertible bond	The Call Option	The Put Option	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liability/(asset) at issue date	1,065,072	92,145	(75,691)	1,081,526
Issue of shares upon partial conversion of convertible bond	(75,410)	(2,925)	9,000	(69,335)
Fair value gain	–	(66,954)	(74,390)	(141,344)
Effective interest expense recognised (Note 6)	16,693	–	–	16,693
Liability/(asset) at 30 June 2010	<u>1,006,355</u>	<u>22,266</u>	<u>(141,081)</u>	<u>887,540</u>

Imputed interest on the convertible bond for the year ended 30 June 2010 is calculated using the effective interest method by applying the effective interest rate of 9.91% per annum.

The fair values of the derivative components of the convertible bond are determined taking into account the valuation performed by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professionally qualified valuers, using the Binomial Model with the major inputs as at issue date, conversion date and 30 June 2010 as follows:

	Issue date	Conversion date	30 June 2010
Share price	HK\$0.139	HK\$0.073	HK\$0.054
Exercise price	HK\$0.100	HK\$0.100	HK\$0.100
Volatility	81%	83%	83%
Risk-free rate	1.21%	1.16%	1.06%

14. ACQUISITION OF SUBSIDIARIES

On 10 November 2009, the Company entered into a sale and purchase agreement with a vendor and Mr. Liu Yong as the vendor's guarantor, pursuant to which the Company has conditionally agreed to acquire from the vendor the entire issued share capital of Sun Progress Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the vendor, which holds a mining licence in respect of a copper-gold-silver mine located in the State of Mongolia through its wholly-owned subsidiary, Ikh Shijir Erdene LLC ("ISE"), a company incorporated in the State of Mongolia with limited liability (the "Acquisition"). The consideration payable under the sale and purchase agreement is HK\$1,500,000,000 and was satisfied by the Company at the completion of the Acquisition as to (i) HK\$68,000,000 in cash; and (ii) HK\$1,432,000,000 by the issue of convertible bond by the Company to the vendor with initial recognition of net carrying value of HK\$1,081,526,000 (Note 13). The Acquisition was completed on 4 May 2010, further details of which are set out in the Company's announcements dated 30 November 2009 and 4 May 2010 and circular dated 9 April 2010. Details of the principal terms of the Company's convertible bond are set out in Note 13.

Under Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations" ("HKFRS 3"), an entity shall determine whether a transaction or other event is a business combination by applying the definition in HKFRS 3, which requires that the assets acquired and liabilities assumed constitute a business. Given the fact that both Sun Progress Limited and ISE were not involved in any mining activity up to the completion date of the Acquisition, the Acquisition is not considered as a business combination under the definition of HKFRS 3 by the directors of the Company and is therefore considered as an acquisition of asset – principally the mining right only. In this regard, the initial measurement of assets and liabilities acquired would be the allocation of consideration based on their relative fair values. Further details of the intangible asset arising from the mining right of ISE are set out in Note 10.

Total cash outflow for the Acquisition during the year was HK\$83,887,000 representing (i) payment of HK\$68,000,000 in cash; and (ii) direct costs incurred for the Acquisition of HK\$15,887,000.

15. DISPOSAL OF SUBSIDIARIES

On 31 December 2009, the Group entered into a conditional sale and purchase agreement with a purchaser in relation to the disposal of its entire equity interest in New Universe Investments Limited and its subsidiaries (the “Disposal Group”), for a cash consideration of HK\$30,000,000 (the “Disposal”). The Disposal Group constitutes the Group’s connectors and terminals segment. Details of the Disposal were set out in the announcement and circular of the Company dated 8 January 2010 and 9 April 2010 respectively and it was completed on 30 April 2010.

The disposed net assets of the Disposal Group at the date of disposal are summarised as follows:

	<i>HK\$’000</i>
Net assets disposed of:	
Property, plant and equipment	67,662
Prepaid lease payments for land	7,140
Goodwill	23,389
Inventories	94,451
Debtors, other loans and receivables, deposits and prepayments	191,002
Tax recoverable	1,988
Bills receivable	625
Bank balances and cash	22,066
Creditors, other advances and accrued charges	(160,443)
Obligations under finance leases	(2,750)
Taxation	(5,052)
Deferred tax liabilities	(308)
	<hr/>
Net identifiable assets and liabilities	239,770
Reclassification adjustment of exchange reserves upon disposal	(16,673)
Direct costs incurred for the Disposal	4,044
Loss on disposal of subsidiaries	(197,141)
	<hr/>
Total consideration	30,000
	<hr/>
Consideration satisfied by:	
Cash consideration	30,000
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	30,000
Bank balances and cash	(22,066)
	<hr/>
	7,934
	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Directors announced that for the year ended 30 June 2010 (the “year under review”), the Company and its subsidiaries (the “**Group**”) recorded a total turnover of approximately HK\$1,404,280,000, representing an increase of 23.5% over the HK\$1,136,945,000 for the corresponding period last year. Loss attributable to owners of the Company was approximately HK\$138,660,000. Loss attributable to owners of the Company for the corresponding period last year was approximately HK\$470,900,000. Loss per share was about HK8.32 cents (2008/09: loss per share HK389.67 cents (restated)).

BUSINESS REVIEW

During the year under review, the Group continued to rationalise its operations. After completion on 30 April 2010 of the disposal of the business of manufacturing and trading of connectors and terminals and wire harnesses, which was mainly operated in regions outside the PRC, the Group’s resources had been focused and deployed on the businesses of manufacturing and trading of cables, wires and copper products, which are based in Mainland China. Moreover, the Group also completed the acquisition of a copper-gold-silver mine in Mongolia on 4 May 2010, such investment will provide the Group a good opportunity to broaden its source of income by capitalising on the rising trend in copper prices.

By business segments, the Group’s turnover for the year under review was approximately HK\$1,404,280,000. Turnover for the cables and wires business was approximately HK\$390,374,000, representing a decrease of 19.6% over the corresponding period last year of approximately HK\$485,717,000 and accounted for 27.8% of the Group’s total turnover. Turnover for the connectors and terminals/wire harnesses business was approximately HK\$647,836,000, representing an increase of 24.3% from HK\$521,096,000 for the corresponding period last year and accounted for 46.1% of the Group’s total turnover. Turnover for the copper rod business was approximately HK\$366,038,000, representing an increase of 205.7% over the corresponding period last year of approximately HK\$119,721,000 and accounted for 26.1% of the Group’s total turnover.

By geographical segments, turnover for the American business increased by 28.2% from HK\$496,508,000 for the corresponding period last year to approximately HK\$636,386,000, which accounted for 45.3% of the total turnover. Turnover for the Mainland China and Hong Kong business increased by 24.3% from approximately HK\$510,361,000 for the corresponding period last year to approximately HK\$634,312,000, which accounted for 45.2% of the total turnover. Turnover for other Asian markets business decreased by 1.5% from approximately HK\$102,575,000 for the corresponding period last year to approximately HK\$101,074,000, which accounted for 7.2% of the total turnover. Turnover for the European business increased by 18.2% from approximately HK\$27,501,000 for the corresponding period last year to approximately HK\$32,508,000, which accounted for 2.3% of the total turnover.

Cables and Wires

The financial tsunami in the United States in 2008 and the persistent worries over the prospects of a global economic recovery has led to a more cautious consumption pattern, resulting in slow-down of sales. That explains for the decrease in turnover for the cables and wires business as the Group's major customers are primarily manufacturers of domestic appliances (white goods).

Connectors and Terminals/Wire Harnesses

Upon disposal of the relevant business, no further resources would be injected into such business for its operation and development, including the significant investments required for businesses which are scattered around in various developing countries.

Copper Rod Business

The copper rod business comprises the manufacturing and trading of copper rods and copper wires related products, which are primarily used in the production of power cords or cables for home appliances, electronic products and infrastructure facilities. During the year under review, the Group took a more cautious operating approach by diverting the production capacity of its Dongguan facilities to the provision of processing services for its customers. That allows the Group to transfer its finance costs and the fluctuations in copper prices to its customers and, at the same time, achieve better utilization of its machinery and equipment which in turn enhance the production efficiency of the Group.

PROSPECTS

Except for China which is still able to achieve a planned economic growth, uncertainties remain in the global economic environment notwithstanding the signs of recovery. Therefore, the Group continues to concentrate its resources on the businesses of cables and wires and the manufacturing and trading of copper products based in Mainland China to minimise the Group's exposure to the negative effects brought about by the economic uncertainties in other countries. Besides, the PRC government has been implementing various measures to boost domestic demand, which is expected to benefit the Group's businesses of cables and wires and the manufacturing and trading of copper products in the Mainland market.

Considering the sustained growth in worldwide demand for mineral resources, and the introduction of policies by Mongolia which are beneficial to foreign investors and aimed at accelerating the development of the local mining industry, the Group completed the acquisition of a copper-gold-silver mine in Mongolia on 4 May 2010, and has engaged a professional advisor to finalise and implement the construction of Phase 1 of a copper processing plant and ancillary facilities at 1st Zone of the Mine in Mongolia. The Board considers that the acquisition will enable the Group to enter into this burgeoning sector, and the copper produced in the mining area can be partially used for hedging purpose and as the raw material required for the Group's existing copper business, which facilitates the vertical integration of the Group's copper business.

Looking ahead, in addition to its existing businesses, the Group will actively capitalise on any opportunities arising in its continual search and exploration of new businesses in order to diversify the Group's operations and broaden its sources of profits.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2010 (2008/2009 final: nil).

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company ("**2010 Annual General Meeting**") will be held on Monday, 29 November 2010.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2010 Annual General Meeting, the register of members of the Company will be closed from Thursday, 25 November 2010 to Monday, 29 November 2010, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 24 November 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the Group had approximately 1,500 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 30 June 2010, the Group implemented a prudent financial management policy. As at 30 June 2010, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$267 million (30 June 2009: HK\$147 million) and net current assets value being over approximately HK\$250 million (30 June 2009: HK\$113 million). The Group's gearing ratio as at 30 June 2010 was 0.18 (30 June 2009: 0.31), being a ratio of total bank borrowings of approximately HK\$167 million (30 June 2009: HK\$197 million) to shareholders' funds of approximately HK\$902 million (30 June 2009: HK\$626 million).

As at 30 June 2010, the Group had pledged certain property, plant and machinery, land use rights, fixed bank deposits and trade debtors with an aggregate net book value of approximately HK\$266 million (30 June 2009: HK\$288 million) to secure general banking facilities granted to the Group.

As at 30 June 2010, the Company had issued guarantees to the extent of approximately HK\$5.3 million (30 June 2009: HK\$218 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK\$5.3 million (30 June 2009: HK\$267 million) was utilised. In addition, the Company had issued guarantees to a financial institution amounting to approximately HK\$23.3 million (30 June 2009: HK\$39 million) in respect of commodity trading of copper by its subsidiaries.

For the year ended 30 June 2010, the Group entered into copper forward contracts and foreign exchange forward contracts (collectively referred as “**derivative financial instruments**”) to manage the copper price risks and foreign exchange risks. The Group’s overall financial risk management focuses on the unpredictability of the financial markets, controls the level of financial risks that the Group can bear, and minimises any potential adverse effects on the financial performance of the Group. The purpose of the financial risk management is to ensure that transactions undertaken are in accordance with the Group’s policies and not for speculative purpose. The outstanding derivative financial instruments have been revalued and stated at their fair value as at 30 June 2010 and the net loss of the derivative financial instruments for the year ended 30 June 2010 was approximately HK\$3,500,000 (2008/09: net loss of HK\$140,000).

CHANGE OF CHINESE NAME

On 19 July 2010, the Board resolved upon and approved the adoption of a new Chinese name “蒙古礦業控股有限公司” by the Company, for identification purposes, to replace the Chinese name “榮盛科技國際控股有限公司” with effect from 3 August 2010. The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies of Hong Kong on 3 August 2010. With effect from 10 August 2010, the shares of the Company have been traded on the Stock Exchange under its new Chinese name “蒙古礦業控股有限公司” and the Chinese stock short name for trading in the shares of the Company on the Stock Exchange has been changed from “榮盛科技國際” to “蒙古礦業” to reflect the change of Chinese name while the English stock short name remains unchanged. Reference is made to the announcements of the Company dated 19 July 2010 and 5 August 2010.

SIGNIFICANT EVENTS

Capital Reorganisation

On 3 June 2009, the Board announced that the Company proposed to implement a reorganisation of the share capital of the Company (the “**Capital Reorganisation**”) which involved (a) a consolidation of every five (5) ordinary shares of HK\$0.01 each into one (1) ordinary share of HK\$0.05 each (the “**Consolidated Share**”) in the share capital of the Company immediately after share consolidation but before the Capital Reduction (as defined below) and the Subdivision (as defined below) ; (b) a reduction of the nominal value of the then issued Consolidated Shares from HK\$0.05 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.04 on each of the then issued Consolidated Share (the “**Capital Reduction**”); and (c) a subdivision of each authorised but unissued Consolidated Share into five (5) ordinary shares of HK\$0.01 each (the “**Adjusted Shares**”) in the share capital of the Company immediately after the Capital Reorganisation becoming effective (the “**Subdivision**”).

The Board believed that the Capital Reorganisation was beneficial to the Company and the shareholders as a whole. The Board was of the opinion that the Capital Reorganisation would provide the Company with greater flexibility for the issue of new Adjusted Shares in the future and the credit in the contributed surplus account arising as a result of the Capital Reorganisation would enable the Company to apply part of the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and this would facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

The Capital Reorganisation was approved by the shareholders of the Company at the special general meeting of the Company held on 9 July 2009 and became effective on 10 July 2009. Details of the Capital Reorganisation were set out in announcements of the Company dated 3 June 2009 and 9 July 2009, and the shareholders' circular issued by the Company on 15 June 2009.

Placing of Existing Shares and Subscription for New Shares

On 10 July 2009, Venture Success, Kingston and the Company entered into a placing and subscription agreement, pursuant to which Venture Success agreed to place, through Kingston, an aggregate of 126,730,000 shares, on a fully underwritten basis, to independent investors at a price of HK\$0.22 per placing share (the “**Placing**”) and subscribe for an aggregate of 126,730,000 new shares at a price of HK\$0.22 per subscription share (the “**Subscription**”). The net proceeds from the Subscription amounted to approximately HK\$27 million and were intended to be used for general working capital of the Group. The Subscription shares were allotted and issued under the general mandate granted to the Directors by the independent shareholders of the Company at the special general meeting of the Company held on 9 July 2009 and the Subscription was completed on 21 July 2009. Details of the Placing and Subscription were set out in the announcement of the Company dated 10 July 2009.

Second Placing of New Shares under General Mandate

On 28 August 2009, Kingston and the Company entered into a placing agreement, pursuant to which the Company conditionally agreed to place, through Kingston, an aggregate of 152,000,000 shares, on a fully underwritten basis, to independent investors at a price of HK\$0.14 per placing share (the “**Second Placing**”). The net proceeds from the Second Placing amounted to approximately HK\$20.6 million and were intended to be used for general working capital of the Group. The shares were allotted and issued under the general mandate granted to the Directors by the independent shareholders of the Company at the special general meeting of the Company held on 17 August 2009 and the Second Placing was completed on 11 September 2009. Details of the Second Placing were set out in the announcement of the Company dated 28 August 2009.

Third Placing of New Shares under Specific Mandate

On 15 October 2009, the Company and Kingston, as placing agent, entered into a placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 400,000,000 new shares to independent investors at a price of HK\$0.135 per placing share (the “**Third Placing**”). The net proceeds from the Third Placing amounted to approximately HK\$52 million and were intended to be used for the possible acquisition of a copper-gold-silver mine in Mongolia and/or repayment of bank loan and general working capital of the Group. The shares were allotted and issued under the specific mandate granted to the Directors by the shareholders of the Company at the special general meeting of the Company held on 11 November 2009 and the Third Placing was completed on 20 November 2009. Details of the Third Placing were set out in the announcements of the Company dated 15 October 2009 and 11 November 2009 and the shareholders’ circular issued by the Company on 23 October 2009.

Very Substantial Acquisition in relation to an Acquisition of a Copper-Gold-Silver Mine in Mongolia

On 10 November 2009, the Company entered into a sale and purchase agreement (the “**SPA**”) in relation to an acquisition of Sun Progress Limited, a company incorporated under the laws of the British Virgin Islands which wholly-owns Ikh Shijir Erdene LLC, a company incorporated in Mongolia which in turn owns a copper-gold-silver mine (the “**Mine**”) located in a place named Nergui of Delgerkhangai soum in Dundgobi aimag, Mongolia (the “**Acquisition**”). The consideration payable under the SPA was HK\$1,500,000,000 (subject to adjustment) and to be satisfied by the Company at completion by (i) payment of HK\$68,000,000 in cash; and (ii) the issuance by the Company of 3-year zero coupon unsecured convertible bond (the “**Convertible Bond**”) in the aggregate principal amount of HK\$1,432,000,000 (subject to adjustment). The Acquisition constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and was conditional, amongst other things, on approval of the shareholders of the Company. The Acquisition and the SPA were approved by the shareholders of the Company at the special general meeting of the Company held on 27 April 2010 (the “**SGM**”). Details of the Acquisition were set out in the announcements of the Company dated 30 November 2009, 21 December 2009, 12 February 2010 and 15 March 2010 and the shareholders’ circular issued by the Company on 9 April 2010.

The Acquisition was duly completed on 4 May 2010 in accordance with the terms of the SPA. Pursuant to the terms of the SPA, the conversion price for the Convertible Bond was reset to HK\$0.10 based on the average closing prices of the Company’s shares for the consecutive 5 trading days immediately prior to the date of completion rounded up to the nearest two decimal places.

The Convertible Bond in the aggregate principal amount of HK\$1,432,000,000 was issued on 4 May 2010. Pursuant to the successive conversions of the full amount of the Convertible Bond, an aggregate of 14,320,000,000 new ordinary shares of HK\$0.01 each of the Company were issued in the period from 23 June 2010 to 9 September 2010 (the “**Conversion Period**”). Upon full conversion of the Convertible Bond and subsequent sales of the conversion shares,

no single shareholder of the Company holds more than 30% of the share capital of the Company. Reference is made to the Next Day Disclosure Returns filed by the Company in the Conversion Period.

Increase of Authorised Share Capital

The increase of the authorised share capital of the Company from HK\$300,000,000 to HK\$500,000,000 by the creation of 20,000,000,000 new shares of HK\$0.01 each in the share capital of the Company was approved by the shareholders of the Company at the SGM.

Disposal of Interests in Subsidiaries Constituting a Very Substantial Disposal

On 31 December 2009, Chau's Industrial Investments Limited, a wholly-owned subsidiary of the Company, as vendor entered into a conditional sale and purchase agreement with Perfect Asset Investments Limited, an investment holding company of Mr. Lau Man Tak ("**Mr. Lau**"), as purchaser in relation to the disposal of (i) the entire issued share capital in New Universe Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company (which indirectly holds 90% of equity interests in Brascabos Componentes Eletricos e Eletronicos Limitada ("**Brascabos**")) and (ii) 10% of the equity interests in Brascabos for an aggregate consideration of HK\$30 million (the "**Disposal**"). Mr. Lau is an independent third party and was a director of the Company from 4 January 2002 to 31 March 2007. The Disposal constituted a very substantial disposal for the Company under Chapter 14 of the Listing Rules and was conditional, amongst other things, on shareholders' approval. The Disposal was approved by the shareholders of the Company at the special general meeting of the Company on 27 April 2010. Completion of the Disposal took place on 30 April 2010. Details of the Disposal were set out in the announcements of the Company dated 8 January 2010, 29 January 2010 and 12 March 2010 and the shareholders' circular issued by the Company on 9 April 2010.

Fourth Placing of New Shares under General Mandate

On 15 January 2010, the Company and Kingston, as placing agent, entered into a conditional placing agreement, pursuant to which the Company conditionally agreed to place, through the placing agent, on a fully underwritten basis, an aggregate of 262,000,000 new shares, to independent investors at a price of HK\$0.12 per placing share (the "**Fourth Placing**"). The net proceeds from the Fourth Placing amounted to approximately HK\$30.5 million and were intended to be used for general working capital of the Group. The shares were allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 23 November 2009 and the Fourth Placing was completed on 27 January 2010. Details of the Fourth Placing were set out in the announcement of the Company dated 15 January 2010.

Fifth Placing of New Shares under Specific Mandate

On 9 February 2010, the Company and Kingston, as placing agent, entered into a conditional placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 2,000,000,000 new shares, by a maximum of four tranches (in which each tranche was not less than 500,000,000 new shares, save for the last tranche), to independent investors at a price of HK\$0.10 per placing share (the “**Fifth Placing**”). The maximum net proceeds from the Fifth Placing amounted to approximately HK\$194 million which were intended to be used as to approximately HK\$100 million for the repayment of bank loans and approximately HK\$38 million as to the Acquisition. The remainder of the net proceeds of approximately HK\$56 million was intended to be used for possible investment in the future. The shares were allotted and issued under the specific mandate granted to the Directors by the shareholders of the Company at the special general meeting of the Company held on 23 March 2010 and the Fifth Placing was completed on 19 April 2010. Details of the Fifth Placing were set out in the announcement of the Company dated 9 February 2010 and the shareholders’ circular issued by the Company on 5 March 2010.

Conditional Placing of New Shares under Specific Mandate

On 16 September 2010, the Company and Kingston, as placing agent, entered into a conditional placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 7,200,000,000 new shares to independent investors at a price of HK\$0.02 per placing share (the “**Conditional Placing**”). The maximum net proceeds from the Conditional Placing would amount to approximately HK\$140 million of which approximately HK\$75 million (approximately US\$2.6 million to be incurred in the second half year of 2010 and US\$7 million for the first half year of 2011) was intended to be used as initial set-up costs for Phase 1 for establishment of a copper processing plant at 1st Zone of the Mine, details as disclosed in the shareholders’ circular issued by the Company on 9 April 2010, approximately HK\$13 million was intended to be used for repayment of short term loans and the remainder of approximately HK\$52 million was intended to be used for general working capital of the Group. The maximum number of 7,200,000,000 placing shares to be placed under the placing agreement would be issued pursuant to a specific mandate which was obtained at the special general meeting of the Company held on 18 October 2010. Details of the Conditional Placing were set out in the announcements of the Company dated 16 September 2010 and 18 October 2010 and the shareholders’ circular issued by the Company on 29 September 2010.

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 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2010 (the “**Year**”), the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the “**Code**”) in Appendix 14 to the Listing Rules, save and except for the deviations from code provisions A.2.1 and A.4.1 of the Code which are explained below.

Code provision A.2.1

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

During the Year, Mr. Chau Lai Him acted as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive industry experience. Mr. Chau is responsible for 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 in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

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

Code provision A.4.1

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

The existing independent non-executive directors of the Company were not appointed for a specific term as required under code provision A.4.1 of the Code but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures are in place to ensure that the non-executive directors of the Company are subject to appropriate mechanisms to avoid holding office indefinitely.

AUDIT COMMITTEE

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. The Audit Committee has adopted terms of reference which are in line with the code provisions of the Code. The Audit Committee and external auditors have reviewed the audited results for the year ended 30 June 2010 and they agreed with the accounting treatment adopted. The Audit Committee is satisfied with the Group’s internal control procedure and financial reporting disclosures.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the Code. The duties of the Remuneration Committee include reviewing and evaluating the remuneration packages of executive directors and senior management and making recommendations to the Board from time to time.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors 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, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 30 June 2010.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 30 June 2010 have been agreed by the Company’s auditors, BDO Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. 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 the preliminary announcement.

APPRECIATION

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

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

Hong Kong SAR, 20 October 2010

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Dong Yang and Mr. Buyan-Otgon Narmandakh and the independent non-executive Directors are Mr. Lo Wai Ming, Mr. Chung Kam Kwong and Mr. Lo Chao Ming.