SOLARTECH INTERNATIONAL HOLDINGS LIMITED
蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01166)

2010/2011 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 year ended 30 June 2011 together with last year's comparative figures, as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

		Continuing operations		Discontinued operation		Total	
		2011	2010	**2011**	2010	**2011**	2010
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3 & 4	**707,535**	756,444	**–**	647,836	**707,535**	1,404,280
Cost of sales		**(676,582)**	(716,830)	**–**	(492,764)	**(676,582)**	(1,209,594)
Gross profit		**30,953**	39,614	**–**	155,072	**30,953**	194,686
Interest income		**2,469**	664	**–**	2,353	**2,469**	3,017
Other income		**19,956**	3,599	**–**	2,656	**19,956**	6,255
General and administrative expenses		**(103,129)**	(100,101)	**–**	(67,176)	**(103,129)**	(167,277)
Selling and distribution expenses		**(13,328)**	(12,628)	**–**	(8,814)	**(13,328)**	(21,442)
Change in fair value of derivative financial instruments		**21,802**	(3,500)	**–**	–	**21,802**	(3,500)
Change in fair value of convertible bond	13	**462,158**	141,344	**–**	–	**462,158**	141,344
Impairment loss recognised for doubtful debts, net		**(352)**	(1,843)	**–**	(250)	**(352)**	(2,093)
Impairment loss on property, plant and equipment		**(46,731)**	–	**–**	(26,430)	**(46,731)**	(26,430)
Finance costs	6	**(20,496)**	(30,677)	**–**	(817)	**(20,496)**	(31,494)
Share of results of associates		**(1,895)**	(2,230)	**–**	–	**(1,895)**	(2,230)
Gain/(loss) on disposal of subsidiaries	14	**5,295**	–	**–**	(197,141)	**5,295**	(197,141)
Profit/(loss) before taxation	5	**356,702**	34,242	**–**	(140,547)	**356,702**	(106,305)
Taxation	7	**1,522**	2,211	**–**	(34,566)	**1,522**	(32,355)
Profit/(loss) for the year attributable to owners of the Company		**358,224**	36,453	**–**	(175,113)	**358,224**	(138,660)
Other comprehensive income:							
Exchange differences on translating foreign operations		**370**	20,766	**–**	–	**370**	20,766
Reclassification adjustments of exchange reserve upon disposal of subsidiaries		**(4,683)**	–	**–**	(16,673)	**(4,683)**	(16,673)
Other comprehensive income for the year		**(4,313)**	20,766	**–**	(16,673)	**(4,313)**	4,093
Total comprehensive income for the year attributable to owners of the Company		**353,911**	57,219	**–**	(191,786)	**353,911**	(134,567)
Earnings/(loss) per share:	9						(Restated)
from continuing and discontinued operations							
– Basic (HK cents)						**33.12**	(166.39)
– Diluted (HK cents)						**(8.17)**	(166.39)
from continuing operations							
– Basic (HK cents)						**33.12**	43.74
– Diluted (HK cents)						**(8.17)**	(109.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**230,971**	294,277
Prepaid lease payments for land		**94,048**	96,573
Intangible asset	*10*	**1,164,515**	1,163,828
Interest in an associate		**7,666**	9,185
Convertible bond	*13*	**–**	141,081
Total non-current assets		**1,497,200**	1,704,944
Current assets			
Inventories		**112,513**	112,449
Debtors, other loans and receivables, deposits and prepayments	*11*	**218,387**	216,558
Bills receivable		**2,539**	18,662
Prepaid lease payments for land		**2,659**	2,631
Derivative financial assets		**806**	–
Tax recoverable		**721**	872
Pledged deposits and bank balances		**39,713**	49,988
Bank balances and cash		**181,369**	217,244
Total current assets		**558,707**	618,404
Current liabilities			
Creditors, other advances and accrued charges	*12*	**45,258**	63,258
Bills payable		**95,876**	120,128
Taxation		**54**	347
Obligations under finance leases		**471**	665
Borrowings		**59,831**	165,338
Derivative financial liabilities		**–**	11,766
Deferred consideration payable		**–**	6,825
Total current liabilities		**201,490**	368,327
Net current assets		**357,217**	250,077
Total assets less current liabilities		**1,854,417**	1,955,021

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Convertible bond	13	**–**	1,028,621
Obligations under finance leases		**284**	755
Deferred tax liabilities		**22,273**	23,573
Total non-current liabilities		**22,557**	1,052,949
Total net assets		**1,831,860**	902,072
EQUITY			
Capital and reserves			
Share capital		**12,613**	47,056
Reserves		**1,818,747**	854,516
Equity attributable to owners of the Company		**1,831,360**	901,572
Non-controlling interest		**500**	500
Total equity		**1,831,860**	902,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	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 *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total equity *HK$'000*
At 1 July 2009	31,685	274,304	587,012	3,794	5,652	667	(277,614)	625,500	500	626,000
Placements of new shares	29,407	296,037	–	–	–	–	–	325,444	–	325,444
Issue of shares upon partial conversion of convertible bond	10,000	59,335	–	–	–	–	–	69,335	–	69,335
Issue of shares upon exercise of share options	1,312	10,552	–	–	–	–	–	11,864	–	11,864
Recognition of equity-settled share-based payments	–	–	–	–	–	3,996	–	3,996	–	3,996
Transactions with owners	40,719	365,924	–	–	–	3,996	–	410,639	–	410,639
Loss for the year	–	–	–	–	–	–	(138,660)	(138,660)	–	(138,660)
Other comprehensive income	–	–	–	4,093	–	–	–	4,093	–	4,093
Total comprehensive income for the year	–	–	–	4,093	–	–	(138,660)	(134,567)	–	(134,567)
Capital reorganisation	(25,348)	–	25,348	–	–	–	–	–	–	–
Transfer upon exercise of share options	–	3,996	–	–	–	(3,996)	–	–	–	–
Cancellation and lapse of share options	–	–	–	–	–	(667)	667	–	–	–
Disposal of subsidiaries	–	–	–	–	(786)	–	786	–	–	–
At 30 June 2010	47,056	644,224	612,360	7,887	4,866	–	(414,821)	901,572	500	902,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 July 2010	47,056	644,224	612,360	7,887	4,866	(414,821)	901,572	500	902,072
Placements of new shares	72,000	68,317	–	–	–	–	140,317	–	140,317
Issue of shares upon conversion of convertible bond	133,200	302,360	–	–	–	–	435,560	–	435,560
Transactions with owners	205,200	370,677	–	–	–	–	575,877	–	575,877
Profit for the year	–	–	–	–	–	358,224	358,224	–	358,224
Other comprehensive income	–	–	–	(4,313)	–	–	(4,313)	–	(4,313)
Total comprehensive income for the year	–	–	–	(4,313)	–	358,224	353,911	–	353,911
Capital reorganisation	(239,643)	–	–	–	–	239,643	–	–	–
At 30 June 2011	12,613	1,014,901	612,360	3,574	4,866	183,046	1,831,360	500	1,831,860

Notes:

The contributed surplus represented (i) the net balance after setting off accumulated losses of the Company as at 1 April 2002 from reduced share capital and cancelled share premium of the Company in accordance with the Company's capital reorganisation in September 2002; and (ii) the credit arising from the capital reduction in accordance with the Company's capital reorganisation in July 2009.

The exchange reserve comprised all foreign exchange differences arising from the translation of the financial statements of foreign operations, hedges of net investment in foreign operations and share of reserves of associates.

The statutory reserve fund of the Group represents reserve required by the relevant People's Republic of China (the "PRC") laws applicable to the Company's PRC subsidiaries and share of statutory reserve fund of an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 and manufacture and trading of copper rods. Its associate is principally engaged in the manufacture and trading of optical fibre cable and related products. Further details are set out in Note 4.

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

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

(a) Adoption of new/revised HKFRSs – effective 1 July 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretation has no significant impact on the Group's financial statements.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of such leases as operating leases continues to be appropriate.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
Amendments to HK(IFRIC) – Interpretation 14	Repayments of a Minimum Funding Requirement[1]
HKAS 24 (Revised)	Related Party Disclosures[1]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[2]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (2011)	Employee Benefits[5]
HKAS 27 (2011)	Separate Financial Statements[5]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]

Effective date:

(1) Annual periods beginning on or after 1 January 2011
(2) Annual periods beginning on or after 1 July 2011
(3) Annual periods beginning on or after 1 January 2012
(4) Annual periods beginning on or after 1 July 2012
(5) Annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 replaces HKAS 27 and HK(SIC) – Interpretation 12. HKFRS 10 is based on a single control model for all entities and introduces three key elements to the definition of control. It also includes guidance to be applied in circumstances where the assessment of control may be difficult, including where an entity has potential voting right (such as share options) over another, agency relationships and cases where voting rights are not the principal indicator of control.

HKFRS 11 replaces HKAS 31. It is based on the principle that each party to a joint arrangement accounts for its rights and obligations that arise from that arrangement.

HKFRS 12 combines, and makes consistent, certain existing disclosures that were previously included, in some cases with overlapping requirements. In addition, it introduces certain new disclosure requirement, including those related to unconsolidated structured entities where a lack of transparency about entities' exposures to related risks was highlighted by the global financial crisis.

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 to outside customers, net of returns and discounts and sales related taxes during the year.

4. SEGMENTAL INFORMATION

(a) Reportable segments

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

The Group has two 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; and

(ii) manufacture and trading of copper rods.

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 had 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 operations for the year ended 30 June 2010.

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 since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2010 and 2011 and for the years then ended for the purpose of segment reporting.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group's profit/(loss) before taxation except that 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 liabilities as these liabilities are managed on a group basis.

For the year ended 30 June 2011

	Continuing operations					
	Cables and wires	Copper rods	Others	Total	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**316,551**	**390,984**	**–**	**707,535**	**–**	**707,535**
Inter-segment revenue	**311**	**102,334**	**–**	**102,645**	**(102,645)**	**–**
Reportable segment revenue	**316,862**	**493,318**	**–**	**810,180**	**(102,645)**	**707,535**
Reportable segment (loss)/profit	**(40,152)**	**(16,642)**	**422,455**	**365,661**	**–**	**365,661**
Finance costs	**(1,236)**	**(8,533)**	**(10,727)**	**(20,496)**	**–**	**(20,496)**
Change in fair value of derivative financial instruments	**2,789**	**2,396**	**16,617**	**21,802**	**–**	**21,802**
Change in fair value of convertible bond	**–**	**–**	**462,158**	**462,158**	**–**	**462,158**
Impairment loss recognised for doubtful debts, net	**(352)**	**–**	**–**	**(352)**	**–**	**(352)**
Impairment loss on property, plant and equipment	**(25,123)**	**(12,868)**	**(8,740)**	**(46,731)**	**–**	**(46,731)**
Share of results of associates	**–**	**–**	**(1,895)**	**(1,895)**	**–**	**(1,895)**
Gain on disposal of a subsidiary	**–**	**5,295**	**–**	**5,295**	**–**	**5,295**
Depreciation of property, plant and equipment	**(16,425)**	**(9,213)**	**(10,058)**	**(35,696)**	**–**	**(35,696)**
Taxation	**353**	**1,211**	**(42)**	**1,522**	**–**	**1,522**

For the year ended 30 June 2010

	Continuing operations				Discontinued operation		
	Cables and wires	Copper rods	Others	Total	Connectors and terminals	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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 of 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)

As at 30 June 2011

	Continuing operations				Discontinued operation	
	Cables and wires	**Copper rods**	**Others**	**Total**	**Connectors and terminals**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets	**274,851**	**330,506**	**1,361,285**	**1,966,642**	**–**	**1,966,642**
Additions to non-current assets	**11,636**	**144**	**124**	**11,904**	**–**	**11,904**
Reportable segment liabilities	**33,954**	**165,764**	**1,976**	**201,694**	**–**	**201,694**

As at 30 June 2010

	Continuing operations				Discontinued operation	
	Cables and wires	Copper rods	Others	Total	Connectors and terminals	Total
	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

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

	For the year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) before taxation		
Reportable segment profit/(loss)	**365,661**	(61,404)
Segment loss from discontinued operation	**–**	140,547
Unallocated corporate expenses	**(8,959)**	(44,901)
Consolidated profit before taxation from continuing operations	**356,702**	34,242

	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,966,642**	2,303,429
Unallocated corporate assets	**89,265**	19,919
Consolidated total assets	**2,055,907**	2,323,348

	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**201,694**	1,392,260
Taxation	**54**	347
Deferred tax liabilities	**22,273**	23,573
Unallocated corporate liabilities	**26**	5,096
Consolidated total liabilities	**224,047**	1,421,276

(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:

	2011	2010
	HK$'000	*HK$'000*
PRC	**518,060**	586,809
Americas	**96,637**	91,806
Europe	**36,330**	29,731
Hong Kong	**25,585**	23,666
Other Asian regions	**30,923**	24,432
	707,535	756,444

	Specified non-current assets	
	2011	2010
	HK$'000	*HK$'000*
PRC	**314,683**	389,496
Americas	**–**	99
Europe	**254**	318
Hong Kong	**17,644**	10,122
Other Asian regions	**1,164,619**	1,163,828
	1,497,200	1,563,863

(d) Information about major customer

During the year, a customer contributed revenue of HK$76,909,000 to the Group's manufacturing and trading of cables and wires segment and a customer contributed revenue of HK$88,387,000 to the Group's manufacturing and trading of copper rods segment.

During the prior year, a customer contributed revenues of HK$61,857,000 and HK$396,880,000 to the Group's manufacturing and trading of cables and wires segment and connectors and terminals segment, respectively.

5. PROFIT/(LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) before taxation has been arrived at after charging:						
Auditors' remuneration	**1,048**	1,545	**–**	748	**1,048**	2,293
Depreciation of property, plant and equipment	**35,696**	37,117	**–**	15,975	**35,696**	53,092
Amortisation of intangible asset	**–**	6,197	**–**	–	**–**	6,197
Cost of inventories *(Note)*	**676,582**	716,830	**–**	492,764	**676,582**	1,209,594
Write-down of inventories, net	**2,624**	2,618	**–**	–	**2,624**	2,618
Charge of prepaid lease payments for land	**2,697**	2,602	**–**	150	**2,697**	2,752
Operating lease rentals in respect of rented premises	**848**	1,423	**–**	1,437	**848**	2,860
Impairment loss on prepayments for property, plant and equipment	**–**	1,600	**–**	–	**–**	1,600
Impairment loss on other receivable	**2,486**	–	**–**	–	**2,486**	–
Loss on disposal of property, plant and equipment	**1,674**	2,225	**–**	5,895	**1,674**	8,120
Wages, salaries and pension attribution including directors' remuneration	**33,918**	63,436	**–**	31,562	**33,918**	94,998
Share-based payments expense	**–**	3,996	**–**	–	**–**	3,996
and after crediting:						
Interest income	**2,469**	664	**–**	2,353	**2,469**	3,017
Rental income	**1,300**	–	**–**	–	**1,300**	–
Sub-contracting income	**32,945**	32,632	**–**	–	**32,945**	32,632
Sale of scrapped inventories	**209**	36	**–**	15	**209**	51
Exchange differences, net	**15,407**	(1,485)	**–**	(4,894)	**15,407**	(6,379)

Note:

Cost of inventories includes HK$32,845,000 (2010: HK$90,806,000) relating to staff costs, depreciation of property, plant and equipment and charge of prepaid lease payments for land, for which the amounts are also included in the respective total amounts disclosed separately above. Cost of inventories includes net write-down of inventories of HK$2,624,000 (2010: HK$2,618,000).

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**9,724**	13,869	**–**	225	**9,724**	14,094
Interest on finance leases	**45**	115	**–**	592	**45**	707
Imputed interest on convertible bond *(Note 13)*	**10,727**	16,693	**–**	–	**10,727**	16,693
	20,496	30,677	**–**	817	**20,496**	31,494

7. TAXATION

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax:						
Current year	**–**	–	**–**	–	**–**	–
Under–provision in respect of prior years	**42**	51	**–**	–	**42**	51
Taxation in other jurisdictions:						
Current year	**701**	968	**–**	35,117	**701**	36,085
Over–provision in respect of prior years	**(160)**	(714)	**–**	(431)	**(160)**	(1,145)
	583	305	**–**	34,686	**583**	34,991
Deferred taxation	**(2,105)**	(2,516)	**–**	(120)	**(2,105)**	(2,636)
Tax (credit)/charge for the year	**(1,522)**	(2,211)	**–**	34,566	**(1,522)**	32,355

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits 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.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The standard corporate income tax rate for enterprises in the PRC is 25%. Accordingly the applicable corporate income tax rate was 25% for the year ended 30 June 2011 and 2010.

8. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 30 June 2011 (2010: HK$Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) 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 current year. Basic and diluted earnings/(loss) per share amounts for the year ended 30 June 2010 is restated to take into effect the capital reorganisation during the current year.

From continuing and discontinued operations

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

Profit/(loss)

	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) for the purpose of basic earnings/(loss) per share	**358,224**	(138,660)
Effect of dilutive ordinary shares:		
Interest on convertible bonds	**10,727**	–
Change in fair value of convertible bond	**(462,158)**	–
Loss for the purpose of diluted loss per share	**(93,207)**	(138,660)

Number of shares

	2011	2010 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,081,736,314**	83,333,122
Effect of dilutive ordinary shares:		
Convertible bond	**59,511,933**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,141,248,247**	83,333,122

The computation of diluted loss per share from continuing and discontinued operations did not assume the conversion of the Company's outstanding convertible bond during the year ended 30 June 2010 since its exercise would have an anti-dilutive effect in the prior year.

From continuing operations

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

Profit/(loss)

	2011	2010
	HK$'000	*HK$'000*
Profit for the purpose of basic loss per share from continuing operations	**358,224**	36,453
Effect of dilutive ordinary shares:		
Interest on convertible bond (net of tax, where applicable)	**10,727**	13,939
Change in fair value of convertible bond	**(462,158)**	(141,344)
Loss for the purpose of diluted loss per share	**(93,207)**	(90,952)

Number of shares

	2011	2010
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,081,736,314**	83,333,122
Effect of dilutive ordinary shares:		
Convertible bond	**59,511,933**	111,159
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,141,248,247**	83,444,281

From discontinued operation

Basic and diluted loss per share for the discontinued operation is Nil (2010: 210.13 (restated)) HK cents per share based on the loss for the year from discontinued operation attributable to owners of the Company of HK$Nil (2010: HK$175,113,000) and weighted average number of ordinary shares for the purpose of basic and diluted loss per share of 83,333,122. The computation of diluted loss per share for the discontinued operation did not assume the conversion of the company's outstanding convertible bond during the year ended 30 June 2010 since its exercise would have an anti-dilutive effect in the prior year.

10. INTANGIBLE ASSET

	The Group Mining right HK$'000
COST:	
Additions on acquisition of subsidiaries*	1,165,413
Exchange realignments	4,612
At 30 June 2010 and 1 July 2010	1,170,025
Exchange realignments	704
At 30 June 2011	1,170,729
ACCUMULATED AMORTISATION:	
Charge for the year and at 30 June 2010 and 1 July 2010	6,197
Exchange realignments	17
At 30 June 2011	6,214
NET CARRYING AMOUNT:	
At 30 June 2011	1,164,515
At 30 June 2010	1,163,828

* *It comprised the acquisition consideration and costs directly attributable to the acquisition.*

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhangai 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.

During the year ended 30 June 2010, the mining right was amortised using the straight-line method over the expected useful life of 30 years and the current amortisation charge was included in general and administrative expenses.

During the current year, the Group reassessed the amortisation method which is to write off the cost less accumulated impairment losses over the useful life of the mine in accordance with the production plans and reserves of the mine based on the unit-of-production method. This change in accounting estimate has been accounted for prospectively during the current year.

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

At 30 June 2011, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$107,384,000 (2010: HK$113,970,000).

(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	
	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**99,821**	108,610
31 – 60 days	**5,682**	4,533
61 – 90 days	**838**	575
Over 90 days	**1,043**	252
	107,384	113,970

12. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 30 June 2011, included in the Group's creditors, other advances and accrued charges were trade creditors of HK$21,423,000 (2010: HK$33,426,000).

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**17,437**	20,572
31 – 60 days	**3,253**	6,944
61 – 90 days	**392**	3,234
Over 90 days	**341**	2,676
	21,423	33,426

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. 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 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 at 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 at the end of reporting period were recognised in profit or loss.

During the current year, principal amount of HK$1,332,000,000 (2010: HK$100,000,000), in aggregate, of the convertible bond was converted into shares of the Company. The conversion gave rise to the issue of 13,320,000,000 (2010: 1,000,000,000) shares of HK$0.10 each of the Company and derecognition in carrying value of liability component by HK$1,017,082,000 (2010: HK$75,410,000) and derecognition in carrying values of the Call Option and the Put Option by HK$27,269,000 (2010: HK$2,925,000) and HK$608,242,000 (2010: HK$9,000,000), respectively.

As at 30 June 2011, the convertible bond has been fully converted.

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$462,158,000 (2010: HK$141,344,000).

	Liability component of convertible bond *HK$'000*	The Call Option *HK$'000*	The Put Option *HK$'000*	Total *HK$'000*
Liability/(asset) at issue date	1,065,072	92,145	(75,691)	1,081,526
Issue of shares upon 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	1,006,355	22,266	(141,081)	887,540
Issue of shares upon conversion of convertible bond	(1,017,082)	(27,269)	608,242	(436,109)
Fair value loss/(gain)	–	5,003	(467,161)	(462,158)
Effective interest expense recognised *(Note 6)*	10,727	–	–	10,727
Liability/(asset) at 30 June 2011	–	–	–	–

Imputed interest on the convertible bond for the year ended 30 June 2011 is calculated using the effective interest method by applying the effective interest rate of 9.91% (2010: 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 respective conversion dates during the year are as follows:

	Conversion dates								
	2 July 2010	13 July 2010	15 July 2010	20 July 2010	27 July 2010	30 July 2010	5 August 2010	2 September 2010	9 September 2010
Share price	HK$0.046	HK$0.037	HK$0.025	HK$0.023	HK$0.026	HK$0.030	HK$0.025	HK$0.023	HK$0.022
Exercise price	HK$0.100	HK$0.100	HK$0.100	HK$0.100	HK$0.100	HK$0.100	HK$0.100	HK$0.100	HK$0.100
Volatility	83%	84%	84%	85%	86%	86%	86%	88%	88%
Risk-free rate	1.03%	0.91%	0.83%	0.74%	0.71%	0.67%	0.60%	0.53%	0.53%

14. DISPOSAL OF SUBSIDIARIES

On 19 November 2010, the Group entered into a conditional sale and purchase agreement with a purchaser in relation to the disposal of its entire equity interest in Jingjiang Hua Ling Copper Products Co., Limited ("Jingjiang"), a then wholly-owned subsidiary of the Company, for a cash consideration of RMB4,500,000, equivalent to approximately HK$5,173,000. The disposal has been completed during the year.

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

	HK$'000
Net assets disposed of:	
Prepaid lease payments for land	4,345
Debtors, other loans and receivables, deposits and prepayments	194
Bank balances and cash	22
Net identifiable assets and liabilities	4,561
Reclassification adjustment of exchange reserves upon disposal	(4,683)
Gain on disposal of a subsidiary	5,295
Total consideration	5,173
Consideration satisfied by:	
Cash consideration	5,173
Net cash inflow arising on disposal:	
Cash consideration	5,173
Bank balances and cash	(22)
	5,151

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2011 (the "**year under review**"), total turnover of Solartech International Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") was approximately HK$707,535,000, a decrease of 6.5% over turnover from continuing operations of approximately HK$756,444,000 for the corresponding period last year. During the year under review, the Company recorded a profit attributable to owners of the Company of approximately HK$358,224,000 which is attributable to the significant fair value gain of the derivative component of the convertible bond, as compared to the loss attributable to owners of the Company of approximately HK$138,660,000 for the corresponding period last year. Earnings per share for the year under review was approximately HK33.12 cents (2009/10 : loss per share HK166.39 cents (restated)).

BUSINESS REVIEW

During the year under review, the Group deployed its resources on the businesses of manufacturing and trading of cables, wires and copper products, which are based in Mainland China. Moreover, for the mining business, the Group has been engaging technical advisors to formulate a mining proposal for the development of relevant businesses.

By business segments, the Group's turnover for the year under review was approximately HK$707,535,000. Turnover for the cables and wires business was approximately HK$316,551,000, representing a decrease of 18.9% over the corresponding period last year of approximately HK$390,374,000, and accounted for 44.7% of the Group's total turnover. Turnover for the copper rod business was approximately HK$390,984,000, representing an increase of 6.8% over the corresponding period last year of approximately HK$366,038,000, and accounted for 55.3% of the Group's total turnover.

By geographical segments, turnover from continuing operations of the business in America increased by 5.3% from approximately HK$91,806,000 for the corresponding period last year to approximately HK$96,637,000, accounting for 13.7% of the Group's total turnover. Turnover from continuing operations of the business in the Mainland China and Hong Kong decreased by 10.9% from approximately HK$610,475,000 for the corresponding period last year to approximately HK$543,645,000, accounting for 76.8% of the Group's total turnover. Turnover from continuing operations of business in other Asian markets increased by 26.6% from approximately HK$24,432,000 for the corresponding period last year to approximately HK$30,923,000, accounting for 4.4% of the Group's total turnover. Turnover from continuing operations of the European business increased by 22.2% from approximately HK$29,731,000 for the corresponding period last year to approximately HK$36,330,000, accounting for 5.1% of the Group's total turnover.

Cables and Wires

The major customers of the Group's cables and wires business are primarily manufacturers of white domestic appliances. During the year under review, the Group's operational pressure was eased with the improvement in the economy and increase in domestic demands in China. Under the impact of, among others, rising costs of raw material yet decrease in selling prices of the Group's products, compounded with further intensified market competition, the Group endeavored to reduce costs while increasing efficiency, focus on technology integration and transformation, and enhance product quality to ensure a stable turnover from its cables and wires business during the year under review.

Copper Rod Business

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 the power supply of household appliances, electronic products and infrastructure facilities. During the year under review, notwithstanding the continuous rising of copper prices in international markets, the Group has been adopting a more cautious operation model by utilizing the majority of the production capacity of its Dongguan copper rod business to provide processing services to its customers. As such, the Group was able to transfer its financing costs and the fluctuations in copper prices to its customers. Such move not only protected the Group from the material impact of soaring international copper prices, but also enabled the Group to achieve better utilization of its machinery and equipment, which in turn enhanced its production efficiency.

Mining

The Group holds two exploration licences for an aggregate area of 3,111.33 hectares and one mining licence for an area of 350.98 hectares in Mongolia. During the year under review, the Group continued to engage in exploration activities in the areas covered by those two exploration licences so as to obtain in depth understanding of the mining area in terms of hydrogeology, geology and potential resources.

PROSPECTS

With global economy remains sluggish, the western countries still face various uncertainties. The implementation of the quantitative easing policies by US has resulted in a volatile financial market, thereby causing soaring prices of industrial materials and consumer goods and increasing wages, and evoking debt crisis among the members of the European Union. The overall economy of China has been affected by such difficulties in the western economy, compounded with labour shortage and increasing labour cost. At this stage, the Group will continue to focus on its PRC-based businesses of manufacturing and trading of cables and wire and copper products in order to minimize the negative effects brought about by the economic uncertainties in the relevant countries.

Notwithstanding the unstable global economy, there will be sustained demand worldwide for limited mineral resources in the long run. The tight supply of copper could well be evidenced by the copper stockpiles in both the London Metal Exchange and the New York Mercantile Exchange. The Group will further develop its operation in the mineral sector by, building on the foundation of its existing operations, continuing to identify and explore new mineral business opportunities so as to gain a niche in this industry. On 5 July 2011, the Group entered into an agreement with an independent third party, pursuant to which the Group agreed to acquire from the vendor 10% of the issued shares of a target company whose subsidiary holds an exploration license of a copper mine in Mongolia. To date, the acquisition has not yet been completed.

Looking forward, the Group will continue to take appropriate measures to overcome challenges caused by the negative factors such as the anticipated appreciation in the value of Renminbi, inflation and ever-rising raw materials and operating costs as well as the labor shortage in China.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2011.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company (the "**2011 Annual General Meeting**") will be held on Friday, 2 December 2011.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2011 Annual General Meeting, the register of members of the Company will be closed from Thursday, 1 December 2011 to Friday, 2 December 2011, 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, 30 November 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group had approximately 1,300 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas (30 June 2010: 1,500). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 30 June 2011, the Group implemented a prudent financial management policy. As at 30 June 2011, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$221 million (30 June 2010: HK$267 million) and net current assets value being over approximately HK$357 million (30 June 2010: HK$250 million). The Group's gearing ratio as at 30 June 2011 was 0.03 (30 June 2010: 0.18), being a ratio of total borrowings of approximately HK$61 million (30 June 2010: HK$167 million) to shareholders' funds of approximately HK$1,832 million (30 June 2010: HK$902 million).

As at 30 June 2011, the Group had pledged certain property, plant and machinery, land use rights and fixed bank deposits with an aggregate net book value of approximately HK$245 million (30 June 2010: HK$266 million) to secure general banking facilities granted to the Group.

As at 30 June 2011, the Company had issued guarantees to the extent of approximately HK$19.6 million (30 June 2010: HK$5.3 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$19.6 million (30 June 2010: HK$5.3 million) was utilised. In addition, the Company had issued guarantees to a financial institution amounting to approximately HK$23.3 million (30 June 2010: HK$23.3 million) in respect of commodity trading of copper by its subsidiary.

For the year ended 30 June 2011, the Group entered into copper forward contracts ("**derivative financial instruments**") to manage the copper price 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 Group's financial risk management is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purposes. The outstanding derivative financial instruments have been revalued and stated at their fair value as at 30 June 2011 and the net gain of the derivative financial instruments for the year ended 30 June 2011 was approximately HK$21,802,000 (2009/10: net loss of HK$3,500,000).

CHANGE OF CHINESE NAME

As referred to in the 2010 annual report of the Company, 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.

CAPITAL STRUCTURE

Full conversion of the Convertible Bond

On 4 May 2010, the Company issued a convertible Bond (the "**Convertible Bond**") in the principal amount of HK$1,432,000,000. During the period from 23 June 2010 to 9 September 2010 (the "**Conversion Period**"), the total principal amount of the Convertible Bond was converted into 14,320,000,000 new ordinary shares of HK$0.01 each of the Company, and the total issued share capital of the Company increased to approximately HK$180,256,000 as at the end of the Conversion Period. Upon full conversion of the Convertible Bond and subsequent sales of the conversion shares, no single shareholder of the Company would hold more than 30% of the issued share capital of the Company. Reference is made to the Next Day Disclosure Returns filed by the Company with The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the Conversion Period. Details of the Convertible Bond are set out in Note 13.

Placing of new shares under specific mandate

On 21 October 2010, the Company completed a placing of 7,200,000,000 new shares of the Company (the "**Placing Shares**") at a price of HK$0.02 per Placing Share (the "**Placing**"). The Placing Shares were issued pursuant to a specific mandate obtained at the special general meeting of the Company held on 18 October 2010 and the issued share capital of the Company was increased to HK$252,256,000 upon completion of the Placing. The net proceeds from the Placing amounted to approximately HK$140 million of which (i) approximately HK$75 million is intended to be used as initial set-up costs for Phase 1 of the establishment of a copper processing plant at the first zone of a copper-gold-silver mine located in Nergui of Delgerkhangai soum in Dundgobi aimag, Mongolia (details of which are set out in the circular of the Company dated 9 April 2010), (ii) approximately HK$13 million is intended to be used for repayment of short term loans of the Group and (iii) approximately HK$52 million is intended to be used for general working capital of the Group. The Placing was completed on 21 October 2010. Details of the Placing are set out in the announcement and circular of the Company dated 16 September 2010 and 29 September 2010 respectively.

Capital Reorganisation

On 19 April 2011, 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 twenty issued Shares of HK$0.01 each into one consolidated share of HK$0.20 each (the "**Consolidated Share**"); and (b) a reduction in the nominal value of the issued Consolidated Shares from HK$0.20 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each of the issued Consolidated Share.

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 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 1 June 2011 and became effective on 2 June 2011. Details of the Capital Reorganisation were set out in announcements of the Company dated 19 April 2011 and the shareholders' circular issued by the Company on 9 May 2011.

SIGNIFICANT EVENTS

Possible Material Acquisition

On 5 January 2011, the Company and Mr. Uuld Vojin Gantumur (the "**Proposed Vendor**") entered into a memorandum of understanding (the "**MOU**") pursuant to which the Company proposed to acquire from the Proposed Vendor the entire issued share capital of Vangyunshing LLC (the "**Target Company**"), at a price and on further terms and conditions to be agreed. The Target Company is incorporated in Mongolia and is the registered holder of a mining licence and two exploration licences in respect of certain rare earth mining sites located in Mongolia. Under the MOU, the Proposed Vendor has granted the Company the exclusive right to negotiate with the Proposed Vendor with a view to agreeing and executing a definitive agreement in relation to the acquisition of the Target Company for a period of four months from the date of the MOU. The exclusive right was expired on 4 May 2011.

Discloseable Transaction

On 5 July 2011, the Company and Expert Assets Management Limited ("**Expert Assets**"), an indirect wholly-owned subsidiary of the Company), entered into a sale and purchase agreement (the "**Agreement**") with Hero Wisdom Limited (the "**Vendor**") and Mr. Batmunkh Dulamjav (the "**Guarantor**") pursuant to which Expert Assets has conditionally agreed to acquire from the Vendor ten issued Shares (the "**Sale Shares**") of Venture Max Limited ("**Venture Max**") (the "**Acquisition**"), representing 10% of the issued share capital of Venture Max upon completion of the Acquisition. Venture Max is a company incorporated in the British Virgin Islands and directly wholly-owned by the Vendor. Venture Max holds the entire equity interest in Mongolian Copper Mining LLC ("**MCM**") which is a company incorporated in Mongolia with limited liability and the holder of the Minerals Exploration Special Licence 5481X. The consideration for the Sale Shares payable under the Agreement is HK$100,000,000 and shall be satisfied by Expert Assets by (i) payment of HK$50,000,000 in cash as a deposit upon signing of the Agreement; and (ii) payment of the balance of HK$50,000,000 in cash at completion of the Acquisition. The Vendor is directly wholly-owned by the Guarantor. The Vendor and the Guarantor are third parties independent of the Company and its connected persons.

The Company has been seeking suitable opportunities to facilitate its ongoing expansion into the mining business and the Directors believe the Acquisition represents such an opportunity. The completion of the Acquisition is conditional on the conditions in the Agreement being satisfied or waived on or before 10 March 2012. Details of the Agreement and the Acquisition, which constitutes a discloseable transaction under the Listing Rules, were set out in the announcement of the Company dated 5 July 2011.

Conditional Placing of New Shares under Specific Mandate

On 13 July 2011, 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 504,510,000 new shares of the Company to independent investors at a price of HK$0.20 per placing share (the "**Conditional Placing**"). The maximum gross proceeds and net proceeds from the Conditional Placing would be approximately HK$100.9 million and HK$98 million, respectively. The Company intends to utilise approximately HK$50 million of the net proceeds as part of the consideration for the Acquisition and the balance of the net proceeds from the Conditional Placing will be used for the general working capital of the Group. The maximum number of 504,510,000 placing shares to be placed under the conditional placing agreement would be issued pursuant to a specific mandate which was obtained at the special general meeting of the Company held on 15 August 2011. The Placing has not been completed as at the date of this announcement. Details of the Conditional Placing were set out in the announcement of the Company dated 13 July 2011 and the shareholders' circular issued by the Company on 28 July 2011.

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 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year under review, 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 under review, 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 experience in the cable and wire industry and the mining industry. 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 has reviewed the audited results for the year ended 30 June 2011 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, each of the Directors confirmed that he had complied with the required standards set out in the Model Code throughout the year ended 30 June 2011.

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, 26 September 2011

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.