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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)

2011/2012 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) 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 2012 together with last year’s comparative figures, as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*FOR THE YEAR ENDED 30 JUNE 2012*

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover	3 & 4	612,863	707,535
Cost of sales		<u>(605,339)</u>	<u>(676,582)</u>
Gross profit		7,524	30,953
Interest income		8,381	2,469
Other income and gains		6,912	19,956
General and administrative expenses		(104,263)	(103,129)
Selling and distribution expenses		(8,905)	(13,328)
Finance costs	6	(16,890)	(20,496)
Change in fair value of derivative financial instruments		(21,087)	21,802
Change in fair value of convertible bond		—	462,158
Change in fair value of investment properties, net	10	54,714	—
Change in fair value of financial assets at fair value through profit or loss		12,395	—
Impairment loss recognised for doubtful debts, net		(288)	(352)
Impairment loss on property, plant and equipment		(28,343)	(46,731)
Share of results of jointly-controlled entities	13	(10)	—
Share of results of an associate		(471)	(1,895)
Loss on disposal of an associate		(1,509)	—
Gain on disposal of a subsidiary		<u>—</u>	<u>5,295</u>
(Loss)/profit before taxation	5	(91,840)	356,702
Taxation	7	<u>(14,292)</u>	<u>1,522</u>
(Loss)/profit for the year attributable to owners of the Company		<u>(106,132)</u>	<u>358,224</u>

	<i>Note</i>	2012 HK\$'000	2011 HK\$'000
Other comprehensive income:			
Exchange differences on translating foreign operations		84	370
Reclassification adjustment of exchange reserve upon disposal of a subsidiary		—	(4,683)
Reclassification adjustment of exchange reserve upon disposal of an associate		<u>(2,816)</u>	<u>—</u>
Other comprehensive income for the year		<u>(2,732)</u>	<u>(4,313)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>(108,864)</u>	<u>353,911</u>
(Loss)/earnings per share:	9		
- Basic (HK cents)		<u>(6.21)</u>	<u>33.12</u>
- Diluted (HK cents)		<u>(6.21)</u>	<u>(8.17)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	<i>Notes</i>	2012	2011
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		186,112	230,971
Prepayments for acquisition of property, plant and equipment		8,426	—
Investment properties	10	119,564	—
Prepaid lease payments for land	11	92,597	94,048
Mining right	12	1,164,218	1,164,515
Exploration and evaluation assets		25,355	—
Interest in an associate		—	7,666
Interests in jointly-controlled entities	13	99,990	—
		<u>1,696,262</u>	<u>1,497,200</u>
Total non-current assets			
Current assets			
Inventories		78,511	112,513
Debtors, other loans and receivables, deposits and prepayments	14	176,248	218,387
Bills receivable		425	2,539
Financial assets at fair value through profit or loss		26,601	—
Prepaid lease payments for land	11	2,694	2,659
Derivative financial assets		117	806
Tax recoverable		—	721
Pledged deposits and bank balances		47,931	39,713
Bank balances and cash		191,727	181,369
		<u>524,254</u>	<u>558,707</u>
Total current assets			

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current liabilities			
Creditors, other advances and accrued charges	15	40,491	45,258
Bills payable		109,935	95,876
Taxation		308	54
Obligations under finance leases		460	471
Borrowings		138,636	59,831
Derivative financial liabilities		446	—
Total current liabilities		<u>290,276</u>	<u>201,490</u>
Net current assets		<u>233,978</u>	<u>357,217</u>
Total assets less current liabilities		<u>1,930,240</u>	<u>1,854,417</u>
Non-current liabilities			
Obligations under finance leases		332	284
Deferred tax liabilities		35,119	22,273
Total non-current liabilities		<u>35,451</u>	<u>22,557</u>
Total net assets		<u>1,894,789</u>	<u>1,831,860</u>
EQUITY			
Capital and reserves			
Share capital		27,719	12,613
Reserves		1,866,570	1,818,747
Equity attributable to owners of the Company		1,894,289	1,831,360
Non-controlling interest		500	500
Total equity		<u>1,894,789</u>	<u>1,831,860</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	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>	(Accumulated losses)/ retained profits <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 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	<u>12,613</u>	<u>1,014,901</u>	<u>612,360</u>	<u>3,574</u>	<u>4,866</u>	<u>183,046</u>	<u>1,831,360</u>	<u>500</u>	<u>1,831,860</u>

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Share option reserve	Retained profits	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2011	12,613	1,014,901	612,360	3,574	4,866	—	183,046	1,831,360	500	1,831,860
Placements of new shares	13,845	144,515	—	—	—	—	—	158,360	—	158,360
Issue of shares upon exercise of share options	1,261	10,340	—	—	—	—	—	11,601	—	11,601
Recognition of equity-settled share-based payments	—	—	—	—	—	1,832	—	1,832	—	1,832
Transactions with owners	15,106	154,855	—	—	—	1,832	—	171,793	—	171,793
Loss for the year	—	—	—	—	—	—	(106,132)	(106,132)	—	(106,132)
Other comprehensive income	—	—	—	(2,732)	—	—	—	(2,732)	—	(2,732)
Total comprehensive income for the year	—	—	—	(2,732)	—	—	(106,132)	(108,864)	—	(108,864)
Transfer upon exercise of share options	—	1,832	—	—	—	(1,832)	—	—	—	—
At 30 June 2012	27,719	1,171,588	612,360	842	4,866	—	76,914	1,894,289	500	1,894,789

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 2012

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, and holding of mining right and exploration and evaluation assets. Its associate was principally engaged in the manufacture and trading of optical fibre cable and related products prior to the disposal by the Group during the year. Its jointly-controlled entities are engaged in holding of exploration and mining permits. Further details are set out in Notes 4 and 13.

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 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

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

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationship of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

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

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

Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets ¹
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities ³
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁵
Amendments to HKAS 32	Offsetting Financial Assets Financial Liabilities ⁴
Amendments to HKFRS 10 and HKFRS 12	Consolidated Financial Statements and Disclosure of Interest in Other Entities: Transition Guidance ³
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income ²
HKFRS 9	Financial Instruments ⁵
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HKAS 27 (2011)	Separate Financial Statements ³
Annual Improvements Projects	Annual Improvement 2009-2011 Cycle ³

Effective dates:

- (1) Annual periods beginning on or after 1 January 2012
- (2) Annual periods beginning on or after 1 July 2012
- (3) Annual periods beginning on or after 1 January 2013
- (4) Annual periods beginning on or after 1 January 2014
- (5) Annual periods beginning on or after 1 January 2015

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 — Financial Instruments

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, classification 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 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 — Joint Arrangement

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly-controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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

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 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 2012 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 (loss)/profit, which is measure of adjusted (loss)/profit before taxation. The adjusted (loss)/profit before taxation is measured consistently with the Group's (loss)/profit 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 2012

	Cables and wires	Copper rods	Others	Total	Elimination	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	205,766	407,097	—	612,863	—	612,863
Inter-segment revenue	<u>—</u>	<u>76,112</u>	<u>—</u>	<u>76,112</u>	<u>(76,112)</u>	<u>—</u>
Reportable segment revenue	<u>205,766</u>	<u>483,209</u>	<u>—</u>	<u>688,975</u>	<u>(76,112)</u>	<u>612,863</u>
Reportable segment (loss)/profit	<u>(61,463)</u>	<u>(35,392)</u>	<u>14,210</u>	<u>(82,645)</u>	<u>—</u>	<u>(82,645)</u>
Finance costs	(3,226)	(13,664)	—	(16,890)	—	(16,890)
Write-back of provision for inventories	5,566	—	—	5,566	—	5,566
Change in fair value of derivative financial instruments	(9,491)	(4,865)	(6,731)	(21,087)	—	(21,087)
Change in fair value of financial assets at fair value through profit or loss	—	—	12,395	12,395	—	12,395
Change in fair value of investment properties, net	—	—	54,714	54,714	—	54,714
Impairment loss recognised for doubtful debts, net	(288)	—	—	(288)	—	(288)
Impairment loss on other receivables	—	(889)	—	(889)	—	(889)
Impairment loss on property, plant and equipment	(11,331)	(17,012)	—	(28,343)	—	(28,343)
Loss on disposal of an associate	—	—	(1,509)	(1,509)	—	(1,509)
Share of results of jointly-controlled entities	—	—	(10)	(10)	—	(10)
Share of results of an associate	—	—	(471)	(471)	—	(471)
Depreciation of property, plant and equipment	(13,578)	(7,621)	(9,440)	(30,639)	—	(30,639)
Taxation	<u>674</u>	<u>(60)</u>	<u>(14,906)</u>	<u>(14,292)</u>	<u>—</u>	<u>(14,292)</u>

For the year ended 30 June 2011

	Cables and wires	Copper rods	Others	Total	Elimination	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	316,551	390,984	—	707,535	—	707,535
Inter-segment revenue	<u>311</u>	<u>102,334</u>	<u>—</u>	<u>102,645</u>	<u>(102,645)</u>	<u>—</u>
Reportable segment revenue	<u><u>316,862</u></u>	<u><u>493,318</u></u>	<u><u>—</u></u>	<u><u>810,180</u></u>	<u><u>(102,645)</u></u>	<u><u>707,535</u></u>
Reportable segment (loss)/profit	<u><u>(40,152)</u></u>	<u><u>(16,642)</u></u>	<u><u>422,455</u></u>	<u><u>365,661</u></u>	<u><u>—</u></u>	<u><u>365,661</u></u>
Finance costs	(1,236)	(8,533)	(10,727)	(20,496)	—	(20,496)
Provision made for inventories	(2,624)	—	—	(2,624)	—	(2,624)
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)
Impairment loss on other receivables	—	(2,486)	—	(2,486)	—	(2,486)
Share of results of an associate	—	—	(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	<u>353</u>	<u>1,211</u>	<u>(42)</u>	<u>1,522</u>	<u>—</u>	<u>1,522</u>

As at 30 June 2012

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	218,305	365,577	1,555,396	2,139,278
Additions to non-current assets	11,346	542	90,205	102,093
Reportable segment liabilities	74,546	211,890	3,864	290,300

As at 30 June 2011

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	274,851	330,506	1,361,285	1,966,642
Additions to non-current assets	11,636	144	124	11,904
Reportable segment liabilities	33,954	165,764	1,976	201,694

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

	For the year ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss)/profit before taxation		
Reportable segment (loss)/profit	(82,645)	365,661
Unallocated corporate expenses	<u>(9,195)</u>	<u>(8,959)</u>
Consolidated (loss)/profit before taxation	<u><u>(91,840)</u></u>	<u><u>356,702</u></u>
	30 June 2012 <i>HK\$'000</i>	30 June 2011 <i>HK\$'000</i>
Assets		
Reportable segment assets	2,139,278	1,966,642
Unallocated corporate assets	<u>81,238</u>	<u>89,265</u>
Consolidated total assets	<u><u>2,220,516</u></u>	<u><u>2,055,907</u></u>

	30 June 2012 HK\$'000	30 June 2011 HK\$'000
Liabilities		
Reportable segment liabilities	290,300	201,694
Taxation	308	54
Deferred tax liabilities	35,119	22,273
Unallocated corporate liabilities	<u>—</u>	<u>26</u>
Consolidated total liabilities	<u>325,727</u>	<u>224,047</u>

(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:

	2012 HK\$'000	2011 HK\$'000
PRC	501,753	518,060
Americas	40,686	96,637
Europe	23,225	36,330
Hong Kong	16,310	25,585
Other Asian regions	<u>30,889</u>	<u>30,923</u>
	<u>612,863</u>	<u>707,535</u>

Specified non-current assets

	2012 HK\$'000	2011 HK\$'000
PRC	390,113	314,683
Europe	—	254
Hong Kong	16,511	17,644
Other Asian regions	<u>1,289,638</u>	<u>1,164,619</u>
	<u>1,696,262</u>	<u>1,497,200</u>

(d) **Information about major customers**

During the year, no customer with whom the transactions exceed 10% of the Group's manufacturing and trading of cables and wires segment whereas two customers, each of them contributed revenue of HK\$126,020,000 and HK\$81,795,000 respectively, to the Group's manufacturing and trading of copper rods segment.

During the prior 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.

5. (LOSS)/PROFIT BEFORE TAXATION

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss)/profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,120	1,048
Depreciation of property, plant and equipment	30,639	35,696
Cost of inventories (<i>Note</i>)	605,339	676,582
(Write-back of provision for)/provision made for inventories	(5,566)	2,624
Charge of prepaid lease payments for land	2,691	2,697
Operating lease rentals in respect of rented premises	766	848
Impairment loss on other receivables	889	2,486
Loss on disposal of property, plant and equipment, net	167	1,674
Wages, salaries and retirement benefit scheme contributions including directors' remuneration	35,545	33,918
Share-based payment expense	<u>1,832</u>	<u>—</u>
and after crediting:		
Rental income	3,230	1,300
Sale of scrapped inventories	1	209
Exchange differences, net	<u>2,331</u>	<u>15,407</u>

Note:

Cost of inventories includes HK\$26,676,000 (2011: HK\$32,845,000) 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 also includes net write-back of inventories of HK\$5,566,000 (2011: net write-down of inventories of HK\$2,624,000).

6. FINANCE COSTS

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Interest on bank and other borrowings wholly repayable within five years	16,860	9,724
Interest on finance leases	30	45
Imputed interest on convertible bond	—	10,727
	<u>16,890</u>	<u>20,496</u>

7. TAXATION

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Hong Kong profits tax:		
Under-provision in respect of prior years	—	42
Taxation in other jurisdictions:		
Current year	632	701
Over-provision in respect of prior years	<u>1,031</u>	<u>(160)</u>
	1,663	583
Deferred taxation	<u>12,629</u>	<u>(2,105)</u>
Tax credit for the year	<u>14,292</u>	<u>(1,522)</u>

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in Hong Kong during the current and prior years.

Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The standard corporate income tax rate for enterprises in the PRC is 25%. Accordingly the applicable corporate income tax rate was 25% for the years ended 30 June 2012 and 2011.

8. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 30 June 2012 (2011: HK\$Nil).

9. (LOSS)/EARNINGS PER SHARE

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

(Loss)/profit

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss)/profit for the purpose of basic (loss)/earnings per share	(106,132)	358,224
Effect of dilutive ordinary shares:		
Interest on convertible bond	—	10,727
Change in fair value of convertible bond	<u>—</u>	<u>(462,158)</u>
Loss for the purpose of diluted loss per share	<u>(106,132)</u>	<u>(93,207)</u>

Number of shares

	2012	2011
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,709,592,005	1,081,736,314
Effect of dilutive ordinary shares:		
Convertible bond	<u>—</u>	<u>59,511,933</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>1,709,592,005</u>	<u>1,141,248,247</u>

During the year ended 30 June 2012, the Company did not have any significant dilutive potential ordinary shares.

10. INVESTMENT PROPERTIES

	Note	The Group	
		2012 HK\$'000	2011 HK\$'000
Fair value:			
At beginning of year		—	—
Additions on acquisition of subsidiaries*	16(b)	64,850	—
Fair value gains, net		<u>54,714</u>	<u>—</u>
At end of year		<u>119,564</u>	<u>—</u>

* It comprised the acquisition consideration and costs directly attributable to the acquisition allocated to investment properties. Further details of the acquisition of subsidiaries which gave rise to the recognition of the investment properties above are set out in Note 16(b).

Investment properties were valued at 30 June 2012 by Peak Vision Appraisals Limited (“Peak Vision”), an independent firm of professionally qualified valuers, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued. The valuation of the investment properties was arrived at by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies. This valuation gave rise to fair value gains of HK\$54,714,000 during the year.

The Group’s carrying amount of investment properties is analysed as follows:

	2012 HK\$'000	2011 HK\$'000
Situated in the PRC held under		
- medium term lease	112,238	—
- long term lease	<u>7,326</u>	<u>—</u>
	<u>119,564</u>	<u>—</u>

11. PREPAID LEASE PAYMENTS FOR LAND

	The Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount:		
At beginning of year	96,707	99,204
Disposal of a subsidiary	—	(4,345)
Charge to the profit or loss for the year	(2,691)	(2,697)
Exchange realignments	<u>1,275</u>	<u>4,545</u>
At end of year	<u><u>95,291</u></u>	<u><u>96,707</u></u>

The Group's carrying amount of the prepaid lease payments for land is analysed as follows:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land situated in the PRC held under		
- medium term lease	93,789	95,160
Leasehold land situated in Hong Kong held under		
- medium term lease	<u>1,502</u>	<u>1,547</u>
	<u>95,291</u>	<u>96,707</u>
Analysed for reporting purposes as:		
Non-current	92,597	94,048
Current	<u>2,694</u>	<u>2,659</u>
	<u>95,291</u>	<u>96,707</u>

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 30 June 2012 of HK\$92,932,000 (2011: HK\$94,314,000) to secure banking facilities granted to the Group.

At 30 June 2012, the Group was in the process of obtaining the relevant title documents of certain of its land use rights with aggregate carrying amount of HK\$34,363,000 (2011: HK\$34,874,000).

12. MINING RIGHT

	The Group <i>HK\$'000</i>
COST:	
At 1 July 2010	1,170,025
Exchange realignments	<u>704</u>
At 30 June 2011 and 1 July 2011	1,170,729
Exchange realignments	<u>(304)</u>
At 30 June 2012	<u>1,170,425</u>
ACCUMULATED AMORTISATION:	
At 1 July 2010	6,197
Exchange realignments	<u>17</u>
At 30 June 2011 and 1 July 2011	6,214
Exchange realignments	<u>(7)</u>
At 30 June 2012	<u>6,207</u>
NET CARRYING AMOUNT:	
At 30 June 2012	<u>1,164,218</u>
At 30 June 2011	<u>1,164,515</u>

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

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 amortisation charge was included in general and administrative expenses.

During the prior 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 since the prior year.

13. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	The Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u>99,990</u>	<u>—</u>

During the year ended 30 June 2012, the Group acquired 10% equity interest in Venture Max Limited (“Venture Max”) for a consideration of HK\$100,000,000. Further details of the Group’s acquisition of equity interest in Venture Max are set out in Note 16(a).

Particulars of the Group’s jointly-controlled entities are as follows:-

Name of company	Place of establishment and operation	Percentage of ownership interest/profit sharing indirectly held by the Group	Principal activities
Venture Max	British Virgin Islands	10% (direct)	Investment holding
Mongolian Copper Mining LLC	Mongolia	10% (indirect)	Mining business (not yet commenced)

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

The summarised financial information of the Group's jointly-controlled entities is as follows:

	The Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of the jointly-controlled entities' assets and liabilities:		
Non-current assets	101,521	—
Current assets	49	—
Current liabilities	<u>(1,580)</u>	<u>—</u>
Share of net assets	<u>99,990</u>	<u>—</u>
Share of the jointly-controlled entities' results:		
Revenue	—	—
Expenses	<u>(10)</u>	<u>—</u>
Taxation	<u>—</u>	<u>—</u>
Loss for the year	<u>(10)</u>	<u>—</u>

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

At 30 June 2012, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK\$67,658,000 (2011: HK\$107,384,000).

- (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	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	63,457	99,821
31 - 60 days	1,271	5,682
61 - 90 days	452	838
Over 90 days	<u>2,478</u>	<u>1,043</u>
	<u>67,658</u>	<u>107,384</u>

15. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 30 June 2012, included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$18,429,000 (2011: HK\$21,423,000).

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

	The Group	
	2012	2011
	HK\$'000	HK\$'000
Within 30 days	14,052	17,437
31 - 60 days	3,642	3,253
61 - 90 days	401	392
Over 90 days	334	341
	<u>18,429</u>	<u>21,423</u>

16. ACQUISITION OF INTERESTS IN JOINTLY-CONTROLLED ENTITIES AND SUBSIDIARIES

- (a) On 5 July 2011, the Group entered into a sale and purchase agreement with Hero Wisdom Limited (the "Vendor"), pursuant to which the Group has conditionally agreed to acquire from the Vendor 10% equity interest in Venture Max, a company incorporated in the British Virgin Islands which holds exploration and mining permits in the State of Mongolia through Mongolian Copper Mining LLC ("MCM"), Venture Max's wholly-owned subsidiary incorporated in the State of Mongolia (Venture Max and MCM are collectively referred to as the "Venture Max Group"), at a cash consideration of HK\$100,000,000. The acquisition was completed on 5 March 2012. Further details of the acquisition were set out in the announcements of the Company dated 5 July 2011 and 5 March 2012.

Notwithstanding that the Group holds 10% equity interest in the Venture Max Group, there is a contractual arrangement between the Group and the Vendor such that the economic activities of the Venture Max Group is subject to the joint control of the Group and the Vendor and none of them has unilateral control over the economic activities of the Venture Max Group. Accordingly, the Venture Max Group is accounted for as the Group's jointly-controlled entities.

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 of HKFRS 3, which requires that the assets acquired and liabilities assumed constitute a business. Given the fact that technical report and mining plan of the Venture Max Group's mine have not been finalised and the Venture Max Group have not involved in any mining activity up to the completion date of the acquisition, the Venture Max Group is not considered as a business under the definition of HKFRS 3 by the directors of the Company. In this regard, the initial measurement of the Group's interests in the Venture Max Group would be the allocation of the consideration in proportionate to the fair value of the assets and liabilities of the Venture Max Group.

- (b) On 12 December 2011, the Group entered into an agreement pursuant to which the Group agreed to acquire the entire issued share capital of Santai Electronics Limited (“Santai”), a company incorporated in Hong Kong, at a total cash consideration of RMB43,000,000 (equivalent to approximately HK\$52,614,000) (the “Santai Acquisition”). Santai is the beneficial owner of the land use rights of an industrial complex located in Dongguan City, the PRC (the “Santai Property”) through its wholly-owned subsidiary, Dongguan Santai Electrical Appliances Co., Limited (“Dongguan Santai”). Santai and Dongguan Santai are collectively referred to as the “Santai Group”.

On the same date, the Group entered into an agreement pursuant to which the Group agreed to acquire the entire issued share capital of Aberdeen Investments Limited (“Aberdeen”), a company incorporated in Samoa, at a total cash consideration of RMB10,000,000 (equivalent to approximately HK\$12,236,000) (the “Aberdeen Acquisition”). Aberdeen is the legal and beneficial owner of certain property units in Dongguan City, the PRC (the “Aberdeen Property”).

Santai and Aberdeen are wholly-owned subsidiaries of Shougang Concord Technology Holdings Limited whose shares are listed on the Stock Exchange. Both of the Santai Acquisition and the Aberdeen Acquisition were completed on 22 June 2012, further details of which are set out in the Company’s announcements dated 12 December 2011 and 22 June 2012.

In the opinion of the directors of the Company, the Santai Property and the Aberdeen Property and the related activities of the acquirees are not indicative of businesses, and therefore the Santai Acquisition and the Aberdeen Acquisition are not considered as business combinations under the definition of HKFRS 3. Accordingly the Santai Acquisition and the Aberdeen Acquisition are considered as acquisitions of assets (i.e. mainly investment properties). In this regard, the initial measurement of assets and liabilities acquired would be the allocation of the total consideration based on their relative fair values.

Based on the foregoing, the Santai Acquisition and the Aberdeen Acquisition gave rise to the additions of investment properties of HK\$64,850,000 at the completion date.

Total cash outflow for the Santai Acquisition and the Aberdeen Acquisition during the year was the total consideration of HK\$64,850,000 paid in cash.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announced that for the year ended 30 June 2012 (the “**year under review**”), the total turnover of the Company and its subsidiaries was approximately HK\$612,863,000, representing a decrease of 13.4% as compared to approximately HK\$707,535,000 recorded for the corresponding period last year. During the year under review, loss attributable to the owners of the Company was approximately HK\$106,132,000, which was attributable to the decrease in turnover as a result of the recent deteriorating global macroeconomic conditions, the decrease in overall gross profit margin due to intensifying competition and decreasing prices and loss arising from changes in the fair value of derivative financial instruments, as compared to profits attributable to the owners of the Company of approximately HK\$358,224,000 for the corresponding period last year. Loss per share for the year under review was approximately HK6.21 cents (Earnings per share for 2010/11: HK33.12 cents).

The Board has resolved not to recommend the payment of any final dividend for the year ended 30 June 2012 (2010/11: nil).

BUSINESS REVIEW

The Group’s turnover for the year under review was approximately HK\$612,863,000, representing a decrease of 13.4% as compared to approximately HK\$707,535,000 for the corresponding period last year. By business segments, turnover of the cables and wires business was approximately HK\$205,766,000, representing a decrease of 35.0% as compared to approximately HK\$316,551,000 for the corresponding period last year and accounting for 33.6% of the total turnover of the Group. Turnover of the copper rod business was approximately HK\$407,097,000, representing an increase of 4.1% as compared to approximately HK\$390,984,000 for the corresponding period last year and accounting for 66.4% of the total turnover of the Group.

By geographical segments, turnover from the business in America decreased by 57.9% to approximately HK\$40,686,000 from approximately HK\$96,637,000 for the corresponding period last year, accounting for 6.7% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 4.7% to approximately HK\$518,063,000 from approximately HK\$543,645,000 for the corresponding period last year, accounting for 84.5% of the Group’s total turnover. Turnover from the business in other Asian markets decreased by 0.1% to approximately HK\$30,889,000 from approximately HK\$30,923,000 for the corresponding period last year, accounting for 5.0% of the Group’s total turnover. Turnover from the European business decreased by 36.1% to approximately HK\$23,225,000 from approximately HK\$36,330,000 for the corresponding period last year, accounting for 3.8% 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 global economy was persistently affected by the sustained Euro zone sovereign debt crisis and the tardy recovery of the US economy, thus materially affecting the confidence of local investors and consumers. Furthermore, overall gross profit margin decreased due to the insufficient domestic demand as a result of a slowdown in the economy of Mainland China, intensifying competition and decreasing prices. The Group strived to secure more customers and enhance efficiency by lowering cost, in order to reduce the impact on the cables and wires business during the year under review.

The Group completed the acquisition of shares of two companies on 22 June 2012, which hold property interests in units in an industrial complex and certain residential units, respectively, located in the city of Dongguan, the PRC. The Directors believe that the acquisitions represent a good opportunity for the expansion of new product lines for the production of cables, wires and copper products.

Copper Rod Business

The copper rod business comprises the manufacturing and trading of copper rods and copper wires and their related products, which are primarily used in the production of power supply electric wires of cables for domestic appliances, electronic products and infrastructural facilities. During the year under review, international copper prices declined significantly, with the 3-month London Metal Exchange copper price falling from approximately US\$9,400 at the beginning of the year under review to approximately US\$7,600 at the end of the year under review. The Group has been adopting a more cautious view towards such price trend in the metal market. Most of the production capacity of the Group's Dongguan copper rod business was deployed to provide processing services for customers, and a slight growth in the turnover of the copper rod business was recorded during the year under review.

Mining

Since the completion of the Group's acquisition of the copper mine project in Dundgobi Aimag, the progress of construction of the ore processing plant in the mining area has been slightly delayed. During the construction process, the Group has conducted additional geophysical prospecting, drilling and searching of water resources, and has also completed a detailed environmental impact assessment report and a mining plan report. As the costs of construction and mining equipment soared over the last two years, the Group will be updating its previous feasibility report, in order to take into account of the existing market conditions.

The Group has also completed the acquisition of 10% of the equity interests of a copper mine project in Bayan-Ulgii Aimag, Mongolia on 5 March 2012. Mining experts from different entities were invited to the mine to conduct on-site inspection and make recommendations. According to the recommendations of those experts, the Group shall carry on additional adit and drilling and surveying works, in order to meet the standard for resources under the JORC.

PROSPECTS

With a slow recovery in the US economy and the concerns relating to the Euro zone debt crisis, the global economy continues to be in a difficult stage. Despite that the PRC economy is expected to continue to maintain its growth, its growth rate has slowed down. This, together with the shortage in the supply of labour and rising wages cost, the domestic operational environment will present more challenges ahead. At the current stage, the Group will continue to operate in the PRC as the base for its manufacturing and trading businesses of cables, wires and copper products to minimise the potential negative impacts from the uncertain economic factors present in Europe and America.

In the second half of 2012, the Group will use molecular distillation technology to produce biodiesel, fatty acid methyl ester, which is a renewable energy source, through Dongguan Xin Bao Precision Chemical Company Limited, a subsidiary of the Group. The project applies waste oil and greases as raw materials for production, which complies with the PRC's relevant requirements to vigorously develop the circular economy, low-carbon economy and building a resource-saving and environment-friendly society. As such, the project belongs to a renewable energy source that is encouraged and supported by the State. The project also benefits from the tax incentives provided by the State to the industry, including consumption tax relief and preferential enterprise income tax. As prices of petrochemical diesel are increasingly rising due to the shortage of supply in the current market, profit margins for biodiesel are becoming higher accordingly. This project is currently in the stage of trial production. Products are expected to be fully available in the market by the end of 2012, with an annual output of up to 50,000 tons.

Looking forward, despite operating under a currently difficult business environment, the Group will continue to implement strict measures for cost control in order to enhance operational efficiency and productivity and to expand the Group's market share. During the previous year, Mongolia has become one of the world's fastest-growing economies with a GDP growth of 17%. Being one of the world's most sparsely populated countries, the Mongolian government has established the goal of building the country into the largest supplier of mineral resources in Asia. The Group's mining investment in Mongolia is expected to develop rare opportunities for the Group in the years ahead.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2012.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company (the “**2012 Annual General Meeting**”) will be held on Tuesday, 18 December 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2012 Annual General Meeting, the register of members of the Company will be closed from Friday, 14 December 2012 to Monday, 17 December 2012, 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 Thursday, 13 December 2012.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had approximately 1,100 employees in Hong Kong, the People’s Republic of China (“**PRC**”) and overseas (30 June 2011: 1,300). 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, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2012, the Group implemented a prudent financial management policy. As at 30 June 2012, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$240 million (30 June 2011: HK\$221 million) and net current assets value being over approximately HK\$234 million (30 June 2011: HK\$357 million). The Group’s gearing ratio as at 30 June 2012 was 0.07 (30 June 2011: 0.03), being a ratio of total bank borrowings of approximately HK\$139 million (30 June 2011: HK\$61 million) to shareholders’ funds of approximately HK\$1,895 million (30 June 2011: HK\$1,832 million).

EXCHANGE RISKS

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

CHARGES ON GROUP ASSETS

As at 30 June 2012, 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\$241 million (30 June 2011: HK\$245 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2012, the Company had issued guarantees to the extent of approximately HK\$18.5 million (30 June 2011: HK\$19.6 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK\$18.5 million (30 June 2011: HK\$19.6 million) was utilised. The Company had issued guarantees to a financial institution amounting to approximately HK\$23.3 million (30 June 2011: HK\$23.3 million) in respect of commodity trading of copper by its subsidiaries.

Financial instruments for hedging purposes

For the year under review, the Group entered into copper forward contracts (“**Derivative Financial Instruments**”) to manage copper price risks. The Group's overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group's policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 30 June 2012 and the changes in fair value were charged to the income statement. The net loss of the Derivative Financial Instruments for the year under review was approximately HK\$21,087,000 (2010/11: net gain of HK\$21,802,000).

CAPITAL STRUCTURE

First Placing of New Shares under Specific Mandate

On 13 July 2011, the Company and Kingston Securities Ltd., 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 “**First Placing**”). The maximum gross proceeds and net proceeds from the First Placing were approximately HK\$100.9 million and HK\$98.4 million, respectively. The Company has utilised approximately HK\$50 million of the net proceeds from the First Placing as part of the consideration for the acquisition of 10% of the total issued share capital of Venture Max Limited (as described below) and intended to utilise the balance of the net proceeds for the general working capital of the Group. The maximum number of 504,510,000 placing shares placed under the First Placing were issued pursuant to a specific mandate which was obtained at the special general meeting of the Company held on 15 August 2011. The First Placing was completed on 28 October 2011. Details of the First 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.

Second Placing of New Shares under Specific Mandate

On 22 March 2012, the Company and Kingston Securities Ltd., 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 880,000,000 new shares of the Company to independent investors at a price of HK\$0.07 per placing share (the “**Second Placing**”). The maximum gross proceeds and net proceeds from the Second Placing were approximately HK\$61.6 million and HK\$60.0 million, respectively. The Company has utilised approximately HK\$40 million as part of the consideration for acquisition of the entire issued share capital of Santai Electronics Limited and Aberdeen Investments Limited (as described below), respectively, and intended to utilise the remainder of the proceeds for the general working capital of the Group. The maximum number of 880,000,000 placing shares placed under the Second Placing were issued pursuant to a specific mandate which was obtained at the special general meeting of the Company held on 7 May 2012. The Second Placing was completed on 25 May 2012. Details of the Second Placing were set out in the announcement of the Company dated 22 March 2012 and the shareholders’ circular issued by the Company on 17 April 2012.

SIGNIFICANT INVESTMENT

Save as otherwise disclosed in this announcement, the Group did not make any new significant investment during the year under review.

DISCLOSEABLE TRANSACTIONS

Acquisition of 10% of the total issued share capital of Venture Max Limited

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 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 total issued share capital of Venture Max upon completion of the Acquisition. Venture Max is a company incorporated in the British Virgin Islands and was 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 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 Acquisition was duly completed on 5 March 2012 in accordance with the terms of the Agreement save that the MCM Mining Licence as obtained by MCM on 19 January 2012 is only in respect of 527.43 hectares. Details of the Agreement and the Acquisition, which constitutes a discloseable transaction under the Listing Rules, were set out in the announcements of the Company dated 5 July 2011 and 5 March 2012.

Acquisition of the entire issued share capital of Santai Electronics Limited and Aberdeen Investments Limited

On 12 December 2011, (i) China Glory Management Limited (“**China Glory**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Santai Acquisition Agreement**”) with SCT Electronics Limited and Santai Corporate Services Limited (the “**Santai Vendors**”) and Shougang Concord Technology Holdings Limited (the “**Santai Guarantor**”) pursuant to which China Glory conditionally agreed to acquire from the Santai Vendors the entire share capital of Santai Electronics Limited (“**Santai**”) at a total cash consideration of RMB43,000,000 (equivalent to approximately HK\$52,614,000); and (ii) Winteractive Development Limited (“**Winteractive**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Aberdeen Acquisition Agreement**”) with Santai Corporate Services Limited (the “**Aberdeen Vendor**”) and the Santai Guarantor pursuant to which Winteractive conditionally agreed to acquire from the Aberdeen Vendor the entire share capital of Aberdeen Investments Limited (“**Aberdeen**”) at a total cash consideration of RMB10,000,000 (equivalent to approximately HK\$12,236,000).

Santai is an investment holding company and is interested in the entire registered capital of Dongguan Santai Electronics Limited* (東莞三泰電器有限公司) (“**Dongguan Santai**”). Dongguan Santai holds the land use rights in respect of an industrial complex located at Qiao Zi Lu, Qiao Zi Village, Changping Town, Dongguan City, the PRC * (東莞市常平鎮橋梓管理區) as described in the State-owned Land Use Rights Certificate No. 144 東府國用(1999)字第特144號 (the “**Santai Property**”). Aberdeen is principally engaged in property investment and holds Flats A, B, C, D, E, F, G, H, I, J, K and L on each of the 11th Floor and 15th Floor of Ping On Court, Peace Plaza, Shangzhong Yuan Road, Changping Town, Dongguan, the PRC* (東莞市常平鎮常平廣場平安閣) (the “**Aberdeen Property**”).

The Company has been seeking suitable properties for the purpose of expansion of its production facilities for a new production line for cables, wires and copper products. The Directors believe the transactions under the Santai Acquisition Agreement represent an opportunity to acquire land use rights for such expansion but the Company has not decided the development schedule for the Santai Property at this stage.

The transactions under the Santai Acquisition Agreement and the Aberdeen Acquisition Agreement were completed on 22 June 2012 in accordance with the respective terms of the Santai Acquisition Agreement and Aberdeen Acquisition Agreement. Details of the transactions under the Santai Acquisition Agreement and the Aberdeen Acquisition Agreement, which constitute discloseable transactions under the Listing Rules, were set out in the announcements of the Company dated 12 December 2011 and 22 June 2012

Save for the above, the Group does not have any other plans for material investments or capital assets in the coming year.

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 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year under review (before and after the revision to the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (now known as the “**Corporate Governance Code and Corporate Governance Report**”) came into effect on 1 April 2012), the Company has complied with the relevant code provisions set out in Appendix 14 to the Listing Rules, save and except for the deviations from code provisions A.2.1, A.4.1 and A.4.3 of the Corporate Governance Code and Corporate Governance Report which are explained below.

Code provision A.2.1

Under code provision A.2.1, 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, 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 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.

Code provision A.4.3

Under code provision A.4.3, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the Company.

Mr. Lo Wai Ming has served as an independent non-executive director of the Company for more than nine years since 6 January 2000. He will retire from office by rotation at the forthcoming annual general meeting of the Company (the "AGM") in accordance with the Bye-laws of the Company and, being eligible, will offer himself for re-election at the AGM.

A separate resolution will be proposed at the AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive director of the Company. The Board considers that Mr. Lo remains independent in character and judgment and the Board has found no information or circumstances to lead it to conclude otherwise.

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 set out in Appendix 14 to the Listing Rules. The Audit Committee and external auditors have reviewed the audited results for the year ended 30 June 2012 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 set out in Appendix 14 to the Listing Rules. 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 2012.

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 2012

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