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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2013/2014 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 2014 together with last year's comparative figures, as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover	3 & 4	**804,284**	601,611
Cost of sales		**(785,400)**	(587,421)
Gross profit		**18,884**	14,190
Interest income		**2,099**	9,992
Other income and gains		**13,243**	14,172
General and administrative expenses		**(100,987)**	(93,576)
Selling and distribution expenses		**(9,712)**	(8,305)
Finance costs	6	**(12,007)**	(13,227)
Change in fair value of derivative financial instruments		**728**	(5,385)
Change in fair value of investment properties, net	10	**5,614**	12,207
Change in fair value of financial assets at fair value through profit or loss		**5,852**	17,733
Impairment loss recognised for doubtful debts, net		**234**	(169)
Impairment loss on mining right		**—**	(360,600)
Reversal of impairment loss on mining right		**54,000**	—
Share of results of joint ventures	13	**(15,538)**	(209)
Loss before taxation	5	**(37,590)**	(413,177)
Taxation	7	**(125)**	(1,894)
Loss for the year attributable to owners of the Company		**(37,715)**	(415,071)

	Note	2014	2013
		HK$'000	*HK$'000*
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(7,766)**	(3,322)
Other comprehensive income for the year		**(7,766)**	(3,322)
Total comprehensive income for the year		**(45,481)**	(418,393)
Loss for the year attributable to:			
Owners of the Company		**(37,709)**	(415,071)
Non-controlling interests		**(6)**	—
		(37,715)	(415,071)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(45,475)**	(418,393)
Non-controlling interests		**(6)**	—
		(45,481)	(418,393)
Loss per share:	9		
- Basic and diluted (HK$)		**(0.06)**	(2.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**192,963**	182,037
Prepayments for acquisition of property, plant and equipment		**—**	6,946
Investment properties	10	**135,941**	131,771
Prepaid lease payments for land	11	**89,475**	93,001
Mining right	12	**856,160**	803,210
Exploration and evaluation assets		**18,538**	23,447
Interests in joint ventures	13	**84,686**	99,781
Total non-current assets		**1,377,763**	1,340,193
Current assets			
Inventories		**85,324**	80,164
Debtors, other loans and receivables, deposits and prepayments	14	**195,678**	195,526
Bills receivable		**2,245**	1,295
Financial assets at fair value through profit or loss		**50,186**	44,334
Prepaid lease payments for land	11	**2,694**	2,787
Derivative financial assets		**778**	3
Pledged deposits and bank balances		**47,553**	34,060
Bank balances and cash		**268,497**	142,316
Total current assets		**652,955**	500,485
Current liabilities			
Creditors, other advances and accrued charges	15	**88,302**	49,486
Bills payable		**74,351**	79,685
Taxation		**135**	157
Obligations under finance leases		**146**	186
Borrowings		**158,219**	177,433
Derivative financial liabilities		**—**	1,813
Total current liabilities		**321,153**	308,760

	2014	2013
	HK$'000	*HK$'000*
Net current assets	**331,802**	191,725
Total assets less current liabilities	**1,709,565**	1,531,918
Non-current liabilities		
Obligations under finance leases	**—**	146
Deferred tax liabilities	**35,956**	36,951
Total non-current liabilities	**35,956**	37,097
Net assets	**1,673,609**	1,494,821
EQUITY		
Capital and reserves		
Share capital	**18,899**	1,875
Reserves	**1,652,379**	1,492,446
Equity attributable to owners of the Company	**1,671,278**	1,494,321
Non-controlling interest	**2,331**	500
Total equity	**1,673,609**	1,494,821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Retained profits /(accumulated losses)	Total	Non-controlling interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2012	27,719	1,171,588	612,360	842	4,866	76,914	1,894,289	500	1,894,789
Loss for the year	—	—	—	—	—	(415,071)	(415,071)	—	(415,071)
Other comprehensive income	—	—	—	(3,322)	—	—	(3,322)	—	(3,322)
Total comprehensive income for the year	—	—	—	(3,322)	—	(415,071)	(418,393)	—	(418,393)
Capital reorganisation	(26,333)	—	—	—	—	26,333	—	—	—
Placements of new shares	489	17,936	—	—	—	—	18,425	—	18,425
At 30 June 2013	1,875	1,189,524	612,360	(2,480)	4,866	(311,824)	1,494,321	500	1,494,821

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Accumulated losses	Total	Non-controlling interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2013	1,875	1,189,524	612,360	(2,480)	4,866	(311,824)	1,494,321	500	1,494,821
Loss for the year	—	—	—	—	—	(37,709)	(37,709)	(6)	(37,715)
Other comprehensive income	—	—	—	(7,766)	—	—	(7,766)	—	(7,766)
Total comprehensive income for the year	—	—	—	(7,766)	—	(37,709)	(45,475)	(6)	(45,481)
Placements of new shares	1,275	37,031	—	—	—	—	38,306	—	38,306
Shares issued under open offer	15,749	168,377	—	—	—	—	184,126	—	184,126
Capital contribution during the year	—	—	—	—	—	—	—	1,837	1,837
At 30 June 2014	18,899	1,394,932	612,360	(10,246)	4,866	(349,533)	1,671,278	2,331	1,673,609

Notes:

The contributed surplus represented (i) the net balance after setting off accumulated losses of the Company from reduced share capital and cancelled share premium of the Company where applicable in accordance with the Company's capital reorganisations in September 2002 and November 2012; 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 associate.

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 joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 joint ventures are engaged in holding of exploration and mining permits.

The consolidated 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 2013

HKFRSs (Amendments)	Annual Improvement 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine

The adoption of these amendments has no significant impact on the Group's financial statements.

HKFRSs (Amendments) - Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

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 accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see Note 3). The adoption of this standard has had no impact on the consolidated financial statements as all subsidiaries already recognised and new subsidiary identified within the roup satisfy the requirements of control under HKFRS10.

HKFRS 11 — Joint Arrangements

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, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement. 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. The Group has changed its accounting policy for joint arrangements (see note 3).

The group has assessed its investment in Venture Max Limited and its subsidiary, previously classified as jointly controlled entities under HKAS 31 Interest in Joint Ventures and accounted for using the equity method, and determined that they have had to be classified as joint ventures under HKFRS 11 and accounted for using the equity method.

The adoption of this standard has had no impact on the consolidated financial statements as the joint ventures were already accounted for using the equity method before the adoption of this standard.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures 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.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

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 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in notes 10. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

(b) **New/revised HKFRSs that have been issued and have been early adopted**

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of property, plant and equipment and mining right have been modified accordingly.

(c) **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 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Hedge Accounting[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]

Effective dates:

(1) Annual periods beginning on or after 1 January 2014

(2) Annual periods beginning on or after 1 July 2014

(3) Annual periods beginning on or after 1 January 2017

(4) Annual periods beginning on or after 1 January 2018

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 "Financial instruments" (2014) adds to the existing HKFRS 9. HKFRS 9 (2014) introduces new impairment requirements for all financial assets that are not measured at fair value through profit or loss and amendments to the previously finalised classification and measurement requirements.

A new "expected loss" impairment model in HKFRS 9 (2014) replaces the "incurred loss" model in HKAS 39 Financial Instruments: Recognition and Measurement. For financial assets at amortised cost or fair value through other comprehensive income, an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. For trade receivables, there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases.

HKFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to give rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost, which may result in additional financial assets being measured at amortised cost. .

A third measurement category has also been added for debt instruments - fair value through other comprehensive income which applies to debt instruments that meet the SPPI contractual cash flow characteristic test.

HKFRS 15 — Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

HKFRS 15 replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related Interpretations on revenue recognition: HK(IFRIC) 13 "Customer Loyalty Programmes", HK(IFRIC) 15 "Agreements for the Construction of Real Estate", HK(IFRIC) 18 "Transfers of Assets from Customers" and SIC-31 "Revenue — Barter Transactions Involving Advertising Services".

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 acquired its 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 2014 and 2013 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, which is measure of adjusted loss before taxation. The adjusted loss before taxation is measured consistently with the Group's 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 2014

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Others *HK$'000*	Total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	**224,879**	**531,674**	**47,731**	**804,284**	**—**	**804,284**
Inter-segment revenue	**—**	**9,852**	**—**	**9,852**	**(9,852)**	**—**
Reportable segment revenue	**224,879**	**541,526**	**47,731**	**814,136**	**(9,852)**	**804,284**
Reportable segment loss	**(35,460)**	**(12,041)**	**19,271**	**(28,230)**	**—**	**(28,230)**
Finance costs	**(3,273)**	**(8,734)**	**—**	**(12,007)**	**—**	**(12,007)**
Change in fair value of derivative financial instruments	**—**	**(603)**	**1,331**	**728**	**—**	**728**
Change in fair value of financial assets at fair value through profit or loss	**—**	**—**	**5,852**	**5,852**	**—**	**5,852**
Change in fair value of investment properties, net	**—**	**—**	**5,614**	**5,614**	**—**	**5,614**
Reversal of impairment loss on mining right	**—**	**—**	**54,000**	**54,000**	**—**	**54,000**
Impairment loss recognised for doubtful debts, net	**234**	**—**	**—**	**234**	**—**	**234**
Share of results of joint ventures	**—**	**—**	**(15,538)**	**(15,538)**	**—**	**(15,538)**
Depreciation of property, plant and equipment	**(10,460)**	**(5,799)**	**(12,698)**	**(28,957)**	**—**	**(28,957)**
Taxation	**670**	**311**	**(1,106)**	**(125)**	**—**	**(125)**

For the year ended 30 June 2013

	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	201,381	397,305	2,925	601,611	—	601,611
Inter-segment revenue	—	71,456	—	71,456	(71,456)	—
Reportable segment revenue	201,381	468,761	2,925	673,067	(71,456)	601,611
Reportable segment loss	(29,670)	(5,707)	(368,720)	(404,097)	—	(404,097)
Finance costs	(3,480)	(9,747)	—	(13,227)	—	(13,227)
Change in fair value of derivative financial instruments	353	(688)	(5,050)	(5,385)	—	(5,385)
Change in fair value of financial assets at fair value through profit or loss	—	—	17,733	17,733	—	17,733
Change in fair value of investment properties, net	—	—	12,207	12,207	—	12,207
Impairment loss recognised in respect of mining right	—	—	(360,600)	(360,600)	—	(360,600)
Impairment loss recognised for doubtful debts, net	(169)	—	—	(169)	—	(169)
Share of results of joint ventures	—	—	(209)	(209)	—	(209)
Depreciation of property, plant and equipment	(11,081)	(5,664)	(9,928)	(26,673)	—	(26,673)
Taxation	145	231	(2,270)	(1,894)	—	(1,894)

As at 30 June 2014

	Cables and wires *HK$'000*	**Copper rods** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Reportable segment assets	**213,051**	**335,150**	**1,430,383**	**1,978,584**
Additions to non-current assets	**8,243**	**6,270**	**27,902**	**42,415**
Reportable segment liabilities	**89,191**	**196,944**	**34,759**	**320,894**

As at 30 June 2013

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Others *HK$'000*	Total *HK$'000*
Reportable segment assets	194,189	356,649	1,214,865	1,765,703
Additions to non-current assets	4,868	265	12,223	17,356
Reportable segment liabilities	84,233	218,216	6,173	308,622

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

	For the year ended 30 June	
	2014 *HK$'000*	2013 *HK$'000*
Loss before taxation		
Reportable segment loss	**(28,230)**	(404,097)
Unallocated corporate expenses	**(9,360)**	(9,080)
Consolidated loss before taxation	**(37,590)**	(413,177)

	30 June 2014	30 June 2013
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,978,584**	1,765,703
Unallocated corporate assets	**52,134**	74,975
Consolidated total assets	**2,030,718**	1,840,678

	30 June 2014	30 June 2013
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**320,894**	308,622
Tax payable	**135**	157
Deferred tax liabilities	**35,956**	36,951
Unallocated corporate liabilities	**124**	127
Consolidated total liabilities	**357,109**	345,857

(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 areas from continuing operations, irrespective of the origin of the goods:

	2014	2013
	HK$'000	*HK$'000*
PRC	**673,792**	488,761
Americas	**46,792**	37,608
Europe	**32,648**	27,144
Hong Kong	**28,376**	22,264
Other Asian regions	**22,676**	25,834
	804,284	601,611

	Specified non-current assets	
	30 June 2014	30 June 2013
	HK$'000	*HK$'000*
PRC	**213,528**	387,168
Hong Kong	**204,089**	25,397
Mongolia	**960,146**	927,628
	1,377,763	1,340,193

The revenue information above is based on the location of customers.

(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 one customer contributed revenue of HK$145,055,000 to the Group's manufacturing and trading of copper rods segment.

During the prior 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$98,174,000 and HK$64,532,000 respectively, to the Group's manufacturing and trading of copper rods segment.

5. LOSS BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**1,428**	1,280
Depreciation of property, plant and equipment	**28,957**	26,673
Cost of inventories *(Note)*	**785,400**	587,421
Provision made for inventories	**153**	70
Charge of prepaid lease payments for land	**2,755**	2,740
Operating lease rentals in respect of rented premises	**596**	712
Loss on disposal of property, plant & equipment	**—**	115
Exchange differences, net	**3,072**	—
Wages, salaries and retirement benefit scheme contributions including directors' remuneration	**39,642**	35,938
and after crediting:		
Rental income	**10,483**	6,496
Gain on disposal of property, plant and equipment, net	**2,184**	—
Reversal of allowance for doubtful debts	**273**	108
Exchange differences, net	**—**	5,989

Note:

Cost of inventories includes HK$29,208,000 (2013: HK$25,424,000) 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 provision made for inventories of HK$153,000 (2013: HK$70,000).

6. FINANCE COSTS

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**11,995**	13,202
Interest on finance leases	**12**	25
	12,007	13,227

7. TAXATION

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong profits tax:		
Current year	**—**	—
Taxation in other jurisdictions:		
Current year	**460**	314
Under-provision in respect of prior years	**85**	276
	545	590
Deferred taxation	**(420)**	1,304
Taxation for the year	**125**	1,894

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 2014 and 2013.

8. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 30 June 2014 and 2013.

9. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of shares in issue during the year.

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

Loss

	2014	2013
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(37,709)**	(415,071)

Number of shares

	2014	2013
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**610,578,217**	157,144,497

During the year ended 30 June 2013 and 2014, the Company did not have any significant dilutive potential ordinary shares.

10. INVESTMENT PROPERTIES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Fair value:		
At beginning of year	**131,771**	119,564
Fair value gains, net	**5,614**	12,207
Currency realignment	**(1,444)**	—
At end of year	**135,941**	131,771

Investment properties were valued at 30 June 2014 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, including the industrial building and the residential building, was arrived at by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies using the investment approach. For the portion of the property which are currently vacant, direct comparison approach is used by making reference to comparable sales evidence as available in the relevant market. This valuation gave rise to net fair value gains of HK$5,614,000 (2013: HK$12,207,000) during the year.

The fair value of the investment properties is a level 3 recurring fair value measurement. For the significant unobservable inputs used under the investment approach, term yield of 7.5%, reversionary yield of 8% and average market unit rent per month of RMB7.7 per square meter are adopted for the industrial building whereas term yield of 5%, reversionary yield of 5.25% and average market unit rent per month of RMB24.6 per square meter are used for the residential building. Under the direct comparison approach, significant inputs of the industrial building include price per square meter ranges from RMB450 per square meter to RMB615 per square meter adjusted for premiums range from 5% to 30% specific to the location of the Group's industrial building compared to recent sales on the comparable transactions, whereas significant inputs of the residential building include price per square meter ranges from RMB5,700 per square meter to RMB8,300 per square meter adjusted for discounts range from 10% to 20% specific to the location and age of the Group's residential building compared to recent sales on the comparable transactions. The fair value measurement of investment properties is negatively correlated to the term yield, reversionary yield and positively correlated to average market unit rent per month under the investment approach, and is positively correlated to the price per square meter and a favourable adjustment on the comparable transactions.

The fair value measurement is based on the above properties highest and best use, which does not differ from their current use.

Fair value adjustments of investment properties are recognised in the line item "Change in fair value of investment properties, net" on the face of consolidated statement of comprehensive income. All the gains recgonised in profit or loss for the year arise from the investment properties held at the end of the reporting period.

There was no transfer between levels 1, 2 and 3 during the year.

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

	2014	2013
	HK$'000	*HK$'000*
Situated in the PRC held under		
- medium term lease	**135,941**	131,771

11. PREPAID LEASE PAYMENTS FOR LAND

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Carrying amount:		
At beginning of year	**95,788**	95,291
Charge to the profit or loss for the year	**(2,755)**	(2,740)
Currency realignment	**(864)**	3,237
At end of year	**92,169**	95,788

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

	2014	2013
	HK$'000	*HK$'000*
Leasehold land situated in the PRC held under		
- medium term lease	**90,756**	94,330
Leasehold land situated in Hong Kong held under		
- medium term lease	**1,413**	1,458
	92,169	95,788
Analysed for reporting purposes as:		
Non-current	**89,475**	93,001
Current	**2,694**	2,787
	92,169	95,788

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 30 June 2014 of HK$77,129,000 (2013: HK$93,414,000) to secure banking facilities granted to the Group.

12. MINING RIGHT

	The Group
	HK$'000
COST:	
At 1 July 2012	1,170,425
Currency realignment	(418)
At 30 June 2013 and 1 July 2013	1,170,007
Currency realignment	(1,074)
At 30 June 2014	1,168,933
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:	
At 1 July 2012	6,207
Impairment loss	360,600
Currency realignment	(10)
At 30 June 2013 and 1 July 2013	366,797
Reversal of impairment loss	(54,000)
Currency realignment	(24)
At 30 June 2014	312,773
NET CARRYING AMOUNT:	
At 30 June 2014	856,160
At 30 June 2013	803,210

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

The mining right is subject to impairment review whenever there are indications that the mining right's carrying amount may not be recoverable.

In performing the impairment testing for the year, the directors of the Company have engaged Peak Vision in determining the recoverable amount of the mining right. Given the current development status of mining right, management has determined that recoverable amount of the mining right on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating mining right's fair value, which adopted cash flow projection for a period of 9 years. Zero growth rate is used to extrapolate cash flow projection beyond the period covered by the recent financial budget whereas the post-tax discount rate applied to the cash flow projection is 20.19%. In determining the discount rate, the weighted average cost of capital was used, which is determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparables. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the coal market are taken as reference.

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

In view of the increase in the market price of copper cathode during the year, there was an increase in the value of the mining right as at 30 June 2014 which resulted in the reversal of impairment loss on mining right of HK$54 million for the year ended 30 June 2014. In the prior year, downward adjustment was noted on the estimated net cash inflows and the recoverable amount of the mining right. An impairment loss of HK$360,600,000 was charged to profit or loss for the financial year ended 30 June 2013. The impairment loss was primarily due to revision of expected selling price of copper and delay in the mining plan which reduced the recoverable amount of the mine.

13. INTERESTS IN JOINT VENTURES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Shares of net assets	**84,686**	99,781

Particulars of the Group's joint ventures are as follows:-

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

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

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

Summarised financial information in relation to the joint venture is presented below:

	2014	2013
	HK$'000	*HK$'000*
At 30 June		
Total non-current assets	**860,715**	1,015,201
Cash and cash equivalents	**1,612**	15
Other current assets	**1,240**	1
Total current assets	**2,852**	16
Current financial liabilities	**(2,765)**	—
Other current liabilities	**(35)**	(23)
Total current liabilities	**(2,800)**	(23)
Total non-current financial liabilities	**(13,909)**	(17,388)
Net assets	**846,858**	997,806
Reconciliation to the Group's interest in joint venture:		
Proportion of effective interest held by the Group	**10%**	10%
Share of net assets	**84,686**	99,781
Other income	**6**	228
Impairment on mining right	**(154,486)**	—
Exploration expenses	**(642)**	(2,144)
Other expenses	**(258)**	(175)
Loss and total comprehensive income for the year	**(155,380)**	(2,091)

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

At 30 June 2014, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$114,359,000 (2013: HK$74,077,000).

(i) The Group allows an average credit period of 30 to 60 days (2013: 90 days) to its trade customers.

(ii) The ageing analysis of trade debtors, net of allowance for doubtful debts, based on invoice date, is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**113,439**	71,069
31 - 60 days	**612**	2,344
61 - 90 days	**264**	593
Over 90 days	**44**	71
	114,359	74,077

15. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 30 June 2014, included in the Group's creditors, other advances and accrued charges were trade creditors of HK$61,770,000 (2013: HK$22,668,000).

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**36,643**	17,600
31 - 60 days	**21,602**	2,788
61 - 90 days	**927**	1,005
Over 90 days	**2,598**	1,275
	61,770	22,668

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2014 (the "**year under review**"), total turnover of the Group was approximately HK$804,284,000, representing an increase of 33.7% as compared to approximately HK$601,611,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$37,709,000, as compared to the loss attributable to owners of the Company of approximately HK$415,071,000 for the corresponding period last year. Loss per share for the year under review was approximately HK$0.06 (Loss per share for 2012/13 : HK$2.64).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$804,284,000, representing an increase of 33.7% as compared to approximately HK$601,611,000 for the corresponding period last year. By business segments, the turnover of the cables and wires business was approximately HK$224,879,000, representing an increase of 11.7% as compared to approximately HK$201,381,000 for the corresponding period last year and accounted for 28% of the total turnover of the Group. Turnover of the copper rod business was approximately HK$531,674,000, representing an increase of 33.8% as compared to approximately HK$397,305,000 for the corresponding period last year and accounted for 66.1% of the total turnover of the Group. Turnover of other businesses was approximately HK$47,731,000, as compared to approximately HK$2,925,000 for the corresponding period last year, and accounted for 5.9% of the total turnover of the Group.

By geographical market segments, turnover from the business in the Americas increased by 24.4% to approximately HK$46,792,000 from approximately HK$37,608,000 for the corresponding period last year, accounting for 5.8% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong increased by 37.4% to approximately HK$702,168,000 from approximately HK$511,025,000 for the corresponding period last year, accounting for 87.3% of the Group's total turnover. Turnover from the business in other Asian markets decreased by 12.2% to approximately HK$22,676,000 from approximately HK$25,834,000 for the corresponding period last year, accounting for 2.8% of the Group's total turnover. Turnover from the European business increased by 20.3% to approximately HK$32,648,000 from approximately HK$27,144,000 for the corresponding period last year, accounting for 4.1% 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 goods appliances. During the year under review, the global economies, especially in the U.S. and Europe, were entering the recovery stage, and the economy of Mainland China maintained a steady growth rate. The Group achieved remarkable improvements in sales and cost reduction during the year under review, and the market distribution layout was adjusted according to economic changes in the U.S., European and Chinese markets, resulting in an overall improvement in sales amount and gross profit margin.

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 electric wires or cables for household appliances, electronic products and power supply in infrastructure facilities. During the year, international copper price with the 3-month London Metal Exchange copper price was approximately US$6,900 at the end of the year under review. The Group was cautious towards its copper inventory, a suitable total inventory level was maintained to satisfy customer demand and sales order requirements, and most of the production capacity of its copper rod business in Dongguan City was deployed to provide processing services for customers. During the year under review, there was a significant growth in the turnover of the copper rod business.

Other businesses

Dongguan Xin Bao Precision Chemical Company Limited, a subsidiary of the Group, utilized the molecular distillation technology to produce biodiesel (fatty acid methyl ester), which is a renewable energy (the "**product**"). During the year under review, the turnover of the product was approximately HK$47,731,000, as compared to approximately HK$2,925,000 for the corresponding period last year. The product was produced by using waste oils as raw materials and was in compliance with China's relevant requirements to vigorously develop recycling and low-carbon economy as well as building a resource-efficient and enviromentally friendly society, and was one of the major renewable energy projects encouraged and supported by the State. The business development of the product was initiated by the Group with the support of market development, demand from customer orders and availability of production capacities.

Rental income

During the year under review, rental income was approximately HK$10,483,000, as compared to approximately HK$6,496,000 for the corresponding period last year. Approximately HK$8,240,000 of the rental income (2012/13: HK$5,846,000) was generated from the Group's Santai Industrial Zone located at Changping Town, Dongguan City.

Mining

The Group's copper mine project in Dundgobi Aimag, Mongolia, had made an application to the authority of Delgerkhangai soum, where the mining zone was located, for the land use permit required for mine construction during the year under review. The Group is currently considering fulfilling the requirements in the initial reply from the authority. During the year under review, the copper mine project, which is owned by the joint venture, located at Bayan-Ulgii Aimag, Mongolia, with the assistance of a central enterprise specialized in professional survey design and resources development in China, designed additional drilling work in the mining zone to explore for further resources by utilizing modern multi-spectral remote sensing technology and on the basis of geophysical exploration technology. However, due to geological complexity and severe cold weather lasting from November of each year to April of the following year, the relevant drilling work was suspended during this period until May next year before the designed drilling work would start again.

The Group adopted a cautious attitude to investing in Mongolia and will also seek suitable partners to participate in the development and construction of the copper mine project in Dundgobi Aimag.

PROSPECTS

The Group will continue to implement its operation plans according to market demand, apart from Mainland Chinese customers, the Group will be more proactive to foster close cooperation with principal and major customers from Europe and Americas, in order to maintain the Group's leading positions in the cables and wires and copper rod business markets.

The Group's Santai Industrial Zone located at Changping Town, Dongguan City has been held for leasing purpose, generating steady rental income for the Group. The Group has made an application to transform the Santai Industrial Zone under the "Three Olds Reform" scheme for approval. In line with the objectives of the "Three Olds Reform" scheme implemented by the People's Government of Guangdong Province to support rapid economic and social development through reforms of old towns, old factories and old villages, the Santai Industrial Zone has planned to change its nature from industrial purpose to commercial and residential purposes after the reform. It is expected that this zone will become a mixed commercial and residential district with a serene environment in a busy area in the long run. The change in nature of this project from industrial purpose to commercial and residential purposes is in line with the fast development of the local economy and community, and will facilitate improvements in land use efficiency of the Group to generate better returns for the Group in future.

Two existing factories owned by the Group in Changping Town, Dongguan City, were under renovation. The travelling distance between these two factories was only 5 to 10 minutes by car, they were engaged in the manufacturing of cables and wires and copper products, respectively. To promote the Group's future developments, the Group has placed these two manufacturing facilities in the same location and intends to renovate the other factory property for leasing purpose. In the opinions of the Board, the change in land use nature of the above reform and the renovation of two existing factories would increase the return of the Group's land resources, enhance the potential value of the Group's factory space and increase the production efficiency of the Group.

The Group expects to increase asset utilization efficiency effectively and optimize the utilization of domestic land and fixed asset resources through consolidation, and generates more diversified sources of income for the Group.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2014.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of the Company (the "**2014 Annual General Meeting**") will be held on Wednesday, 19 November 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders to attend and vote at the 2014 Annual General Meeting, the register of members of the Company will be closed from Monday, 17 November 2014 to Wednesday, 19 November 2014, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 14 November 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had approximately 900 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas (30 June 2013: 1,100). 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

For the year ended 30 June 2014, the Group implemented a prudent financial management policy. As at 30 June 2014, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$316 million (30 June 2013: HK$176 million) and value of net current assets was approximately HK$332 million (30 June 2013: HK$192 million). The Group's gearing ratio as at 30 June 2014 was 0.09 (30 June 2013: 0.12), being a ratio of total bank borrowings of approximately HK$158 million (30 June 2013: HK$178 million) to shareholders' funds of approximately HK$1,671 million (30 June 2013: HK$1,495 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 2014, 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$202 million (30 June 2013: HK$218 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2014, the Company had issued guarantees to the extent of approximately HK$15.5 million (30 June 2013: HK$19.5 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$15.5 million (30 June 2013: HK$19.5 million) was utilised. The Company had issued guarantee to a financial institution amounting to approximately HK$23.3 million (30 June 2013: HK$23.3 million) in respect of commodity trading of copper by its subsidiary.

Financial instruments for hedging purposes

For the year under review, the Group entered into copper forward contracts ("**Derivative Financial Instruments**") to manage copper price risks. The Group's overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group's policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 30 June 2014 and the changes in fair value were charged to the income statement. The net gain from the Derivative Financial Instruments for the year under review was approximately HK$728,000 (2012/13: net loss of HK$5,385,000).

CAPITAL STRUCTURE

Placing of New Shares under Specific Mandate

On 27 May 2013, the Company and Kingston Securities Limited, 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 75,000,000 new shares of the Company to independent investors at a price of HK$0.30 per placing share (the "**First Placing**"). The First Placing was completed on 9 August 2013. The 75,000,000 placing shares placed under the First Placing were issued pursuant to a specific mandate which was granted to the Directors at the special general meeting of the Company held on 3 July 2013. The gross proceeds and net proceeds from the First Placing were approximately HK$22.5 million and HK$21.7 million respectively. The Company has fully utilised the net proceeds of approximately HK$12.0 million for plant and machinery and working capital of the new production lines of the biodiesel (fatty acid methyl ester) production project using molecular distillation technology by Dongguan Xin Bao Precision Chemical Company Limited, a subsidiary of the Group and approximately HK$9.7 million for repayment of trust receipt loan of the Group. The net proceeds raised per placing share was approximately HK$0.289 per share. The closing market price of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK$0.43 per share on 27 May 2013. Details of the First Placing were set out in the announcements of the Company dated 27 May 2013 and 9 August 2013 and the circular to shareholders issued by the Company on 10 June 2013.

Placing of New Shares under General Mandate

On 9 December 2013, the Company and Kingston Securities Limited, as placing agent, entered into a placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 52,490,000 new shares of the Company to independent investors at the price of HK$0.32 per placing share (the "**Second Placing**"). The Second Placing was completed on 17 December 2013. The 52,490,000 placing shares placed under the Second Placing were issued under the general mandate which was granted to the Directors at the annual general meeting of the Company held on 28 November 2013 (the "**2013 AGM**"). The gross and net proceeds from the Second Placing amounted to approximately HK$16.8 million and approximately HK$16.2 million, respectively. The net proceeds have been fully utilised for general working capital of the Group. The net proceeds raised per placing share was approximately HK$0.309 per share. The closing market price of the shares of the Company on the Stock Exchange was HK$0.395 per share on 9 December 2013. Further details of the Second Placing were set out in the announcements of the Company dated 9 December 2013 and 17 December 2013.

Open Offer and Refreshment of General Mandate to allot and issue shares

Open Offer

On 21 January 2014, the Company announced that it proposed to raise approximately HK$189 million, before expenses, by way of open offer of 1,574,878,250 offer shares (the "**Offer Shares**") at the subscription price of HK$0.12 per offer share on the basis of five Offer Shares for every one existing share held (the "**Open Offer**"). The Open Offer was fully underwritten by Kingston Securities Limited (the "**Underwriter**"), on the terms and subject to the conditions of the underwriting agreement dated 21 January 2014 (the "**Underwriting Agreement**") entered into between the Company and the Underwriter. The Open Offer was approved by the shareholders of the Company at the special general meeting of the Company held on 13 March 2014 and became unconditional in accordance with the terms of the Underwriting Agreement on 14 April 2014.

Based on the results of the Open Offer as announced by the Company on 15 April 2014, the Open Offer was under-subscribed by 620,142,534 Offer Shares (the "**Untaken Shares**"). In accordance with the terms of the Underwriting Agreement, the Underwriter performed its underwriting obligations and procured subscribers to subscribe for all the Untaken Shares. Dealings in the Offer Shares commenced on the Stock Exchange at 9:00 a.m. on 17 April 2014.

The gross and net proceeds from the Open Offer were approximately HK$189 million and HK$182.6 million (net of expenses) respectively. The net price per Offer Share was approximately HK$0.116.

The utilisation of the net proceeds from the Open Offer as at 30 June 2014 is summarised as follows:

Intended use of net proceeds from the Open Offer	**Actual use of net proceeds from the Open Offer as at 30 June 2014**
- Approximately HK$40 million for developing a parcel of land situated on the Santai Industrial Zone	- Deposited at the banks
- Approximately HK$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan City	- Approximately HK$15 million utilized as intended and the remaining was deposited at the banks
- Approximately HK$60 million for the repayment of short term loans	- Fully utilised as intended
- Approximately HK$53 million for general working capital of the Group	- Approximately HK$20 million utilized as intended and the remaining was deposited at the banks

Further details of the Open Offer were set out in the announcements of the Company dated 21 January 2014, 11 February 2014, 13 March 2014, 17 March 2014 and 15 April 2014, the circular to shareholders issued by the Company dated 25 February 2014 and the Open Offer prospectus issued by the Company dated 26 March 2014.

Refreshment of General Mandate to Allot and Issue Shares

Under the general mandate granted by the shareholders of the Company at the 2013 AGM, the Directors were authorised to allot and issue up to 52,497,130 shares of the Company and the general mandate had been utilised as to 52,490,000 Shares pursuant to the Second Placing. In order to provide a flexible means for the Company to raise further funds through the issue of new shares for its future business development, the Board proposed to seek refreshment of the general mandate at a special general meeting of the Company for the Directors to allot and issue new shares (the "**Issue Mandate**") not exceeding 20% of the issued share capital of the Company as at the date of the special general meeting. The Issue Mandate was approved by the shareholders of the Company at the special general meeting held on 13 March 2014.

Further details of the Issue Mandate were set out in the announcements of the Company dated 21 January 2014, 11 February 2014 and 13 March 2014 and the circular of the Company dated 25 February 2014.

ACQUISITION OF 51% OF THE ENLARGED REGISTERED CAPITAL OF HENAN SHENGXIANG INDUSTRY CO., LTD

On 13 August 2014, the Company announced that Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement dated 13 August 2014 (the "**Agreement**") with the shareholders of 河南盛祥實業有限公司 (Henan Shengxiang Industry Co., Ltd) (the "**Target Company**"). Pursuant to the Agreement, Dongguan Hua Yi agreed to inject capital in the amount of RMB8,200,000 (approximately HK$10,332,000) to the Target Company (the "**Capital Injection**"). The existing core business of the Target Company is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for the production of aluminum oxide.

As at the date of the Agreement, the total registered capital of the Target Company amounted to RMB8,000,000 (approximately HK$10,080,000). The Capital Injection was completed on 19 August 2014 and the total registered capital of the Target Company was increased to RMB16,200,000 (approximately HK$20,412,000). The Target Company is held as to 51% and 49% of the enlarged registered capital by Dongguan Hua Yi and the existing shareholders of the Target Company, who are two individuals and independent third parties, respectively. The Target Company has become an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Injection.

The details of the Capital Injection were set out in the announcement of the Company dated 13 August 2014.

ACQUISITION OF 49% OF THE REGISTERED CAPITAL OF DONGGUAN DIXIANG POLYMER TECHNOLOGY CO., LTD.

On 15 August 2014, Dongguan Qiaozi Chau's Electrical Co., Ltd ("**Dongguan Qiaozi Chau's**"), an indirect wholly-owned subsidiary of the Company, entered into a share transfer agreement with the joint venture partner of 東莞市帝象高分子科技有限公司 Dongguan Dixiang Polymer Technology Co Ltd ("**Dongguan Dixiang**") to acquire 49% equity interest in Dongguan Dixiang in consideration of RMB1,470,000 (approximately HK$1,852,000) (the "**Share Transfer**"). Before the Share Transfer, Dongguan Qiaozi Chau's held 51% of the registered capital of Dongguan Dixiang. The Share Transfer was completed on 5 September 2014 and Dongguan Dixiang has been an indirect wholly owned subsidiary of the Company.

SIGNIFICANT INVESTMENT

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

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

To raise capital for the Company while broadening its shareholder and capital base, the Company conducted the First Placing, the Second Placing and the Open Offer during the year ended 30 June 2014.

Save as disclosed above, 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 2014.

COMPLIANCE WITH THE CODE PROVISIONS

During the year under review, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), save and except for the deviations from Code provisions A.2.1, A.4.1 and A.4.3 which are explained below.

Code provision A.2.1

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

During the year under review, Mr. Chau Lai Him 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 the current management structure has been effective in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

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 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 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. Chung Kam Kwong has served as an independent non-executive Director of the Company for more than nine years since 1 March 2003. In accordance with the Bye-laws of the Company, Mr. Chung retired from office by rotation at the 2013 AGM and offered himself for re-election at the 2013 AGM. An ordinary resolution was passed at the 2013 AGM to approve the appointment of Mr. Chung Kam Kwong as an independent non-executive Director of the Company.

Mr. Lo Wai Ming has been 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.

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.

AUDIT COMMITTEE

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

During the year under review, the Audit Committee met with the external auditor for three times to understand and evaluate the financial risk associated to the Group and review the effectiveness of the Group's internal control. The Audit Committee has reviewed, with management of the Company and the external auditor, the accounting principles and policies adopted by the Group and the annual results of the Group for the year ended 30 June 2014.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") comprises the three independent non-executive Directors. It has adopted terms of reference which are in line with the Code provisions. 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.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") comprises the three independent non-executive Directors. It has adopted terms of reference which are in line with the Code provisions. The duties of the Nomination Committee include reviewing the composition of the Board at least annually, identifying and recommending suitable board members, assessing independence of independent non-executive Directors and making recommendations on appointments and re-appointments of Directors.

During the year under review, the terms of reference for the Nomination Committee were revised so as to be in line with the new Code provision A.5.6. The additional duties of the Nomination Committee are to monitor the implementation of the Board Diversity Policy of the Group (the "**Policy**") and review the Policy, as appropriate, to ensure the effectiveness of the Policy.

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 2014.

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, 29 September 2014

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.