SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2014/2015 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "**Directors**" or "**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 2015 together with last year's comparative figures, as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Turnover	3 and 4	**782,197**	813,073
Cost of sales		**(746,471)**	(785,400)
Gross profit		**35,726**	27,673
Interest income		**1,917**	2,099
Other income and gains		**6,847**	4,454
General and administrative expenses		**(109,582)**	(100,987)
Selling and distribution expenses		**(22,520)**	(9,712)
Finance costs	6	**(11,001)**	(12,007)
Change in fair value of derivative financial instruments		**(7,959)**	728
Change in fair value of investment properties, net	10	**20,037**	5,614
Change in fair value and loss on disposal of financial assets at fair value through profit or loss		**(10,671)**	5,852
(Impairment loss)/reversal of impairment loss for doubtful debts, net		**(24,298)**	234
(Impairment loss)/reversal of impairment loss on mining right and exploration and evaluation assets	12 and 13	**(198,987)**	54,000
Gain on bargain purchase of a subsidiary	17	**278**	—
Share of results of joint ventures		**(46,091)**	(15,538)
Loss before taxation	5	**(366,304)**	(37,590)
Taxation	7	**(3,095)**	(125)
Loss for the year		**(369,399)**	(37,715)

	Note	2015	2014
		HK$'000	*HK$'000*
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on transfer from property, plant and equipment to investment properties, net of deferred tax		**58,122**	—
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(10,158)**	(7,766)
Other comprehensive income for the year		**47,964**	(7,766)
Total comprehensive income for the year		**(321,435)**	(45,481)
Loss attributable to:			
Owners of the Company		**(370,292)**	(37,709)
Non-controlling interests		**893**	(6)
		(369,399)	(37,715)
Total comprehensive income attributable to:			
Owners of the Company		**(322,338)**	(45,475)
Non-controlling interests		**903**	(6)
		(321,435)	(45,481)
Loss per share:	9		(Represented)
- Basic and diluted (HK$)		**(0.81)**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**146,563**	192,963
Investment properties	10	**313,828**	135,941
Prepaid lease payments for land	11	**60,308**	89,475
Mining right	12	**675,668**	856,160
Exploration and evaluation assets	13	**—**	18,538
Interests in joint ventures	14	**38,644**	84,686
Total non-current assets		**1,235,011**	1,377,763
Current assets			
Inventories		**45,089**	85,324
Debtors, other loans and receivables, deposits and prepayments	15	**271,108**	195,678
Bills receivable		**6,937**	2,245
Financial assets at fair value through profit or loss		**48,032**	50,186
Prepaid lease payments for land	11	**2,040**	2,694
Derivative financial assets		**11**	778
Pledged deposits and bank balances		**362**	47,553
Bank balances and cash		**162,463**	268,497
Total current assets		**536,042**	652,955
Current liabilities			
Creditors, other advances and accrued charges	16	**100,855**	88,302
Bills payable		**—**	74,351
Taxation		**316**	135
Obligations under finance leases		**—**	146
Borrowings		**67,747**	158,219
Derivative financial liabilities		**153**	—
Total current liabilities		**169,071**	321,153

	2015	2014
	HK$'000	*HK$'000*
Net current assets	**366,971**	331,802
Total assets less current liabilities	**1,601,982**	1,709,565
Non-current liabilities		
Deferred tax liabilities	**57,439**	35,956
Total non-current liabilities	**57,439**	35,956
Total net assets	**1,544,543**	1,673,609
EQUITY		
Capital and reserves		
Share capital	**11,339**	18,899
Reserves	**1,521,510**	1,652,379
Equity attributable to owners of the Company	**1,532,849**	1,671,278
Non-controlling interests	**11,694**	2,331
Total equity	**1,544,543**	1,673,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Accumulated losses	Total	Non-controlling interests	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

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	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 2014	18,899	1,394,932	612,360	(10,246)	4,866	—	(349,533)	1,671,278	2,331	1,673,609
Loss for the year	—	—	—	—	—	—	(370,292)	(370,292)	893	(369,399)
Other comprehensive income	—	—	—	(10,168)	—	58,122	—	47,954	10	47,964
Total comprehensive income for the year	—	—	—	(10,168)	—	58,122	(370,292)	(322,338)	903	(321,435)
Deemed acquisition of a subsidiary	—	—	—	—	—	—	—	—	10,107	10,107
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	(189)	(189)	(1,647)	(1,836)
Capital reorganisation during the year	(17,009)	—	—	—	—	—	17,009	—	—	—
Shares issued under open offer	9,449	174,649	—	—	—	—	—	184,098	—	184,098
At 30 June 2015	11,339	1,569,581	612,360	(20,414)	4,866	58,122	(703,005)	1,532,849	11,694	1,544,543

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.

The property revaluation reserve represents the gains arising on the revaluation of properties (other than investment properties) on the date of transfer from property, plant and equipment and prepaid lease payments for land to investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 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, trading of metallurgical grade bauxite, investment properties and holding of mining right and exploration and evaluation assets. Its joint ventures are engaged in holding of 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 2014

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

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.

(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:

HKFRS (Amendments)	Annual Improvements 2012-2014 cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

Effective dates:

(1) Annual periods beginning on or after 1 January 2016

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

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

Amendments to HKAS 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

(c) **New Companies Ordinance provisions relating to the preparation of financial statements**

The Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") requiring financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622 (the "New Companies Ordinance") will first apply to the Company in its financial year ending 30 June 2016.

The directors consider that there will be no impact on the Group's financial position or performance, however the New Companies Ordinance would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and certain related notes need not be included.

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

(i) manufacture and trading of cables and wires;

(ii) manufacture and trading of copper rods;

(iii) trading of metallurgical grade bauxite; and

(iv) investment properties.

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2015 and 2014 and for the years then ended for the purpose of segment reporting.

During the year, the Group changes its internal organisation in a manner that causes the composition of its reportable segments to change with a new reportable investment properties segment which comprises lease business. Accordingly, the segment information and the consolidated statement of comprehensive income for the year ended 30 June 2014 is represented to conform the change.

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 2015

	Cables and wires HK$'000	Copper rods HK$'000	Metallurgical grade bauxite HK$'000	Investment properties HK$'000	Others HK$'000	Total HK$'000	Elimination HK$'000	Total HK$'000
Revenue from external customers	212,734	317,903	212,123	13,468	25,969	782,197	—	782,197
Inter-segment revenue	—	32,950	—	—	28,559	61,509	(61,509)	—
Reportable segment revenue	212,734	350,853	212,123	13,468	54,528	843,706	(61,509)	782,197
Reportable segment (loss)/profit	(44,533)	(46,128)	8,429	24,941	(27,328)	(84,619)	—	(84,619)
Finance costs	(3,552)	(5,483)	(3,439)	—	(305)	(12,779)	1,778	(11,001)
Change in fair value of derivative financial instruments	—	(983)	—	—	(6,976)	(7,959)	—	(7,959)
Change in fair value and loss on disposal of financial assets at fair value through profit or loss	—	—	—	—	(10,671)	(10,671)	—	(10,671)
Change in fair value of investment properties, net	—	—	—	20,037	—	20,037	—	20,037
Impairment loss recognised for doubtful debts, net	(549)	(23,749)	—	—	—	(24,298)	—	(24,298)
Depreciation of property, plant and equipment								
- allocated	(9,793)	(6,471)	(253)	(3,814)	(4,475)	(24,806)	—	(24,806)
- unallocated								(332)
								(25,138)
Taxation	216	1,143	(803)	(3,651)	—	(3,095)	—	(3,095)

For the year ended 30 June 2014 (represented)

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Investment properties *HK$'000*	Others *HK$'000*	Total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	224,879	531,674	8,789	47,731	813,073	—	813,073
Inter-segment revenue	—	9,852	13	—	9,865	(9,865)	—
Reportable segment revenue	224,879	541,526	8,802	47,731	822,938	(9,865)	813,073
Reportable segment (loss)/profit	(35,460)	(12,041)	9,194	(14,196)	(52,503)	—	(52,503)
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 recognised for doubtful debts, net	234	—	—	—	234	—	234
Depreciation of property, plant and equipment							
- allocated	(10,460)	(5,799)	(7)	(12,506)	(28,772)	—	(28,772)
- unallocated							(185)
							(28,957)
Taxation	670	311	(1,106)	—	(125)	—	(125)

As at 30 June 2015

	Cables and wires	Copper rods	Metallurgical grade Bauxite	Investment properties	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	**184,632**	**207,141**	**63,302**	**395,246**	**100,779**	**951,100**
Additions to non-current assets	**3,878**	**7,404**	**154**	**19,333**	**2**	**30,771**
Reportable segment liabilities	**82,732**	**36,448**	**1,760**	**40,851**	**6,075**	**167,866**

As at 30 June 2014 (represented)

	Cables and wires	Copper rods	Investment properties	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	213,051	335,150	142,949	190,091	881,241
Additions to non-current assets	8,243	6,270	43	27,859	42,415
Reportable segment liabilities	89,191	196,944	1,616	32,538	320,289

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

	For the year ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Loss before taxation		
Reportable segment loss	**(84,619)**	(52,503)
Impairment loss/(reversal of impairment loss) on mining right and exploration and evaluation assets	**(198,987)**	54,000
Share of results of joint ventures	**(46,091)**	(15,538)
Unallocated corporate expenses	**(36,607)**	(23,549)
Consolidated loss before taxation	**(366,304)**	(37,590)

	30 June 2015	30 June 2014
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**951,100**	881,241
Mining right	**675,668**	856,160
Exploration and evaluation assets	**—**	18,538
Interests in joint ventures	**38,644**	84,686
Unallocated bank balances and cash	**89,584**	133,496
Unallocated corporate assets	**16,057**	56,597
Consolidated total assets	**1,771,053**	2,030,718

	30 June 2015	30 June 2014
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**167,866**	320,289
Taxation	**316**	135
Deferred tax liabilities	**57,439**	35,956
Unallocated corporate liabilities	**889**	729
Consolidated total liabilities	**226,510**	357,109

(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:

	2015	2014
	HK$'000	*HK$'000*
PRC	**659,196**	682,581
Americas	**44,661**	46,792
Europe	**39,926**	32,648
Hong Kong	**19,611**	28,376
Other Asian regions	**18,803**	22,676
	782,197	813,073

	Specified non-current assets	
	30 June 2015	30 June 2014
	HK$'000	*HK$'000*
PRC	**277,659**	213,528
Hong Kong	**242,463**	204,089
Mongolia	**714,889**	960,146
	1,235,011	1,377,763

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 manufacture and trading of cables and wires segment, manufacturing and trading of copper rods segment, and investment properties segment; whereas one customer contributed revenue of HK$184,981,000 to the Group's trading of metallurgical grade bauxite segment.

During the prior year, no customer with whom the transactions exceed 10% of the Group's manufacture and trading of cables and wires segment and investment properties segment, whereas one customer contributed revenue of HK$145,055,000 to the Group's manufacture and trading of copper rods segment.

5. LOSS BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
It is arrived at after charging:		
Auditor's remuneration	**1,490**	1,428
Depreciation of property, plant and equipment	**25,138**	28,957
Cost of inventories (Note)	**746,471**	785,400
Provision made for inventories	**2,476**	153
Charge of prepaid lease payments for land	**2,377**	2,755
Operating lease rentals in respect of rented premises	**1,754**	596
Loss on disposal of property, plant and equipment	**106**	—
Exchange differences, net	**7,134**	3,072
Wages, salaries and retirement benefit scheme contributions including directors' remuneration	**44,377**	39,642
and after crediting:		
Rental income of property plant and equipment	**1,306**	1,694
Gain on disposal of property, plant and equipment, net	**—**	2,184

Note:

Cost of inventories includes HK$22,425,000 (2014: HK$29,208,000) 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$2,476,000 (2014: HK$153,000).

6. FINANCE COSTS

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**10,998**	11,995
Interest on finance leases	**3**	12
	11,001	12,007

7. TAXATION

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax:		
Current year	**—**	—
Taxation in other jurisdictions:		
Current year	**1,034**	460
(Over)/under-provision in respect of prior years	**(17)**	85
	1,017	545
Deferred taxation	**2,078**	(420)
Taxation for the year	**3,095**	125

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 2015 and 2014.

8. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 30 June 2015 and 2014.

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, as adjusted to reflect the capital reorganisation and open offer during the year. Basic and diluted loss per share amounts for the year ended 30 June 2014 are represented to reflect the capital reorganisation and open offer during the current year.

Loss

	2015	2014
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(370,292)**	(37,709)

Number of shares

		(Represented)
	2015	2014
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**457,945,479**	102,790,843

During the years ended 30 June 2015 and 2014, the Company did not have any significant dilutive potential ordinary shares.

10. INVESTMENT PROPERTIES

	Note	The Group 2015 HK$'000	2014 HK$'000
Fair value:			
At beginning of year		**135,941**	131,771
Transferred from property, plant and equipment		**130,250**	—
Transferred from prepaid lease payments for land	11	**27,519**	—
Fair value gains, net		**20,037**	5,614
Currency realignment		**81**	(1,444)
At end of year		**313,828**	135,941

The Group's investment properties were valued at 30 June 2015 by Peak Vision Appraisals Limited ("Peak Vision") and LCH (Asia-Pacific) Surveyors Limited, which are independent firms of professionally qualified valuers, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued. The valuation of the investment properties, 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 properties which are currently vacant, direct comparison approach is used by making reference to comparable sales evidence as available in the relevant market. These valuations gave rise to net fair value gains of HK$20,037,000 (2014: HK$5,614,000) during the year.

11. PREPAID LEASE PAYMENTS FOR LAND

	Note	The Group 2015 HK$'000	2014 HK$'000
Carrying amount:			
At beginning of year		**92,169**	95,788
Charged to the profit or loss for the year		**(2,377)**	(2,755)
Transferred to investment properties	10	**(27,519)**	—
Currency realignment		**75**	(864)
At end of year		**62,348**	92,169

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

	2015 *HK$'000*	2014 *HK$'000*
Leasehold land situated in the PRC held under - medium term lease	**60,980**	90,756
Leasehold land situated in Hong Kong held under - medium term lease	**1,368**	1,413
	62,348	92,169
Analysed for reporting purposes as:		
Non-current	**60,308**	89,475
Current	**2,040**	2,694
	62,348	92,169

12. MINING RIGHT

	The Group
	HK$'000
COST:	
At 1 July 2013	1,170,007
Currency realignment	(1,074)
At 30 June 2014 and 1 July 2014	1,168,933
Currency realignment	(44)
At 30 June 2015	1,168,889
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:	
At 1 July 2013	366,797
Reversal of Impairment loss	(54,000)
Currency realignment	(24)
At 30 June 2014 and 1 July 2014	312,773
Additional impairment loss	180,449
Currency realignment	(1)
At 30 June 2015	493,221
NET CARRYING AMOUNT:	
At 30 June 2015	675,668
At 30 June 2014	856,160

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 which is estimated to be the entire period of mining activities, discounted by the post-tax discount rate of 21.98%. 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.

As at 30 June 2015, the carrying amount of the mining right was HK$856,117,000, which was higher than the recoverable amount of HK$675,668,000 based on the above assessment, resulting in an impairment loss of HK$180,449,000 (2014: reversal of impairment of HK$54,000,000). The impairment loss is primarily due to the delay in the mining plan and hence a corresponding decrease in future cash inflows as well as the adverse change in expected selling price of copper according to the prevailing market conditions and, which are attributed to the reduction in the recoverable amount of the mining right.

13. EXPLORATION AND EVALUATION ASSETS

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Exploration permits		
Cost:		
At beginning of year	**18,538**	23,447
Impairment loss	**(18,538)**	—
Currency realignment	**—**	(4,909)
At end of year (Note)	**—**	18,538

Note:

At 30 June 2014, the amount represented exploration permits in the locations of Uguujit of Orkhontuul soum in Selenge province and Undur of Bugat soum in Gobi-Altai province, the State of Mongolia. These exploration permits were granted for an initial period of 3 years with the extended expiry in the years ended/ending 30 June 2015 and 2016. During the current year, the exploration and evaluation works have been completed and management considered that the levels of mineral reserves in respective locations of the exploration permits are low. In the opinion of the directors of the Company, it is not cost effective for the Group to further extend the permits or carry out mining activities in the respective locations. Therefore, the Group has not extended a exploration permit upon the expiry during the year. Furthermore, the Group does not expect to renew the remaining exploration permit which will expire in the next financial year. In this regard, full impairment loss on these exploration permits of HK$18,538,000 (2014: HK$Nil) was recognised in profit or loss.

14. INTERESTS IN JOINT VENTURES

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Shares of net assets	**38,644**	84,686

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.

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

At 30 June 2015, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$97,344,000 (2014: HK$114,359,000).

(i) The Group allows an average credit period of 30 to 60 days (2014: 30 to 60 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	
	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**63,145**	113,439
31 - 60 days	**5,542**	612
61 - 90 days	**1,036**	264
Over 90 days	**27,621**	44
	97,344	114,359

16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 30 June 2015, included in the Group's creditors, other advances and accrued charges were trade creditors of HK$73,708,000 (2014: HK$61,770,000).

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

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**28,613**	36,643
31 - 60 days	**6,836**	21,602
61 - 90 days	**2,462**	927
Over 90 days	**35,797**	2,598
	73,708	61,770

17. DEEMED ACQUISITION OF A SUBSIDIARY

On 13 August 2014, the Group, through an indirect wholly-owned subsidiary, entered into an agreement with two independent parties to inject RMB8,200,000 (equivalent to approximately HK$10,303,000) into Henan Shengxiang Industry Co., Ltd. ("Henan Shengxiang") and since then it was 51%-owned by the Group. The principal activity of Henan Shengxiang is engaged in trading of metallurgical grade bauxite. The deemed acquisition was made with the aim to boarden the Group's revenue stream and better return for shareholders.

The fair values of identifiable assets and liabilities of Henan Shengxiang as at the date of deemed acquisition were:

	HK$'000
Property, plant and equipment	815
Inventories	2,601
Debtors, other loans and receivables, deposits and prepayments	10,075
Bank balances and cash	31,498
Creditors, other advances and accrued charges	(18,036)
Borrowings	(6,265)
Non-controlling interests	(10,107)
	10,581
Cash consideration	(10,303)
Gain on bargain purchase	278
Net cash inflow arising on acquisition:	
Cash consideration paid	(10,303)
Bank balances and cash acquired	31,498
	21,195

The gain on bargain purchase was resulted from a discount given by the then sole equity owner of Henan Shengxiang for an immediate capital to expand the business of Henan Shengxiang.

The Group has elected to measure the non-controlling interest in Henan Shengxiang at the proportionate share of the identifiable net assets of Henan Shengxiang at the acquisition date.

18. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the year, the Group acquired further 49% equity interest in Dongguan Yunxin Polymer Technology Co., Ltd. ("Dongguan Yunxin") at a consideration of RMB1,470,000 which was satisfied by payment of cash, pursuant to which Dongguan Yunxin became a wholly-owned subsidiary of the Group. The difference of approximately RMB151,000 (equivalent to HK$189,000) between the proportionate share of the carrying amount of its net assets and the consideration paid for the additional interest has been debited to accumulated losses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2015 (the "**year under review**"), total turnover of the Group was approximately HK$782,197,000, representing a decrease of 3.8% as compared to approximately HK$813,073,000 (represented) recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$370,292,000, which was mainly from the impairment loss for doubtful debts and the impairment loss recognised for mining right, as compared to the loss attributable to owners of the Company of approximately HK$37,709,000 for the corresponding period last year. Loss per share for the year under review was approximately HK$0.81 (Loss per share for 2013/14 : HK$0.37 (represented)).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$782,197,000, representing a decrease of 3.8% as compared to approximately HK$813,073,000 (represented) for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$212,734,000, representing a decrease of 5.4% as compared to approximately HK$224,879,000 for the same period of last year and accounted for 27.2% of the total turnover of the Group. Turnover of the copper rod business was approximately HK$317,903,000, representing a decrease of 40.2% as compared to approximately HK$531,674,000 for the same period of last year and accounted for 40.6% of the total turnover of the Group. Turnover of the new metallurgical grade bauxite trading business was approximately HK$212,123,000, accounting for 27.1% of the total turnover of the Group. Turnover of the leasing business was approximately HK$13,468,000, representing an increase of 53.2% as compared to approximately HK$8,789,000 (represented) for the same period of last year and accounting for 1.7% of the Group's total turnover. Turnover of other business was approximately HK$25,969,000 and accounted for 3.4% of the total turnover of the Group, as compared to approximately HK$47,731,000 (represented) for the same period of last year.

By geographical market segments, turnover from the business in the Americas decreased by 4.6% to approximately HK$44,661,000 from approximately HK$46,792,000 for the same period of last year, accounting for 5.7% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 4.5% to approximately HK$678,807,000 from approximately HK$710,957,000 (represented) for the same period of last year, accounting for 86.8% of the Group's total turnover. Turnover from the European business increased by 22.3% to approximately HK$39,926,000 from approximately HK$32,648,000 for the same period last year, accounting for 5.1% of the Group's total turnover. Turnover from the business in other markets decreased by 17.1% to approximately HK$18,803,000 from approximately HK$22,676,000 for the same period of last year, accounting for 2.4% 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 in a cautious observation period, and the economic growth of Mainland China was slowing down gradually. The impact was particularly serious for the Group's major production base, Dongguan City. Each manufacturer was faced with a difficult time. Although the Group made a lot of improvements and adjustments in the sales system and cost reduction and efficiency enhancement during the year under review, the business still recorded a decline of 5.4% as compared to the same period of last year.

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. International commodity market trading prices dropped significantly. International copper prices continued to drop in the year under review. The 3-month London Metal Exchange copper price decreased from approximately US$6,900 at the beginning of the period to approximately US$5,900 at the end of the year. Affected by a reduction in prices of and demand for commodities (such as copper metal), banks recently adopted more stringent measures for providing financing to companies which were engaged in copper metal-related businesses. The copper rod business recorded a decrease of 40.2% as compared to the same period of last year.

Metallurgical Grade Bauxite Trading Business

On 13 August 2014, the Group acquired 51% of the enlarged registered capital of Henan Shengxiang Industry Co., Ltd. ("**Henan Shengxiang**"). Henan Shengxiang is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for the production of aluminum oxide. In less than one year after the Group operated the new business, turnover reached approximately HK$212,123,000, which was quite encouraging. The Group gradually established a network in the trading market and also identified various potential new customers. Therefore, the Group expects to expand the trading volume of the new business and strive for more orders to generate profits for the Group by establishing a new wholly-owned subsidiary, Solartech International Trading Limited.

Rental Income

During the period under review, rental income was approximately HK$13,468,000, representing an increase of approximately 53.2% as compared with approximately HK$8,789,000 for the same period last year. The increase was mainly because the Qiaozi plant property in Changping Town, Dongguan City, was leased out after completion of consolidation of the two plants for wires and cables and copper products this year, and the related plant lands were thus classified as investment properties. Other rental properties were the Group's Santai Industrial Zone located at Changping Town, Dongguan City, and the residential building property at Changping Town, Dongguan City.

Other Business

Dongguan Xin Bao Precision Chemical Co., Ltd., a subsidiary of the Group, utilized the molecular distillation technology to produce biodiesel (fatty acid methyl ester), which is a renewable energy. During the year under review, since international oil prices dropped drastically and biodiesel prices did not follow synchronously, the bid-ask spread changed from previous profits to losses. The Group's fatty acid methyl ester business has ceased. At the end of the period under review, the Group has changed the use of certain related assets under lease arrangements so as to utilise its resources flexibly.

Mining

During the period under review, prices of mineral resources saw a significant downward adjustment. To a country which mainly draws support from the mineral industry sector, its impact was more severe. Coupled with the uncertainties associated with policies and regulations in Mongolia, new foreign investment came to a halt and a large number of existing foreign-funded enterprises also withdrew from Mongolia.

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. The Group has consolidated the additional internal and external risk factors in Mongolia and continues to adopt a prudent and wait-and-see investment attitude. During the period under review, the Group conducted the necessary preparations before the mining work could be started and carried out minor additional exploration work and did not carry out large-scale capital investment, resulting in a delay in the production schedule.

During the year, the Group commissioned a qualified appraiser to carry put an impairment review on the carrying value of the mining rights. Due to delay of the mining plan (which led to corresponding reduction in future cash flows) and the change in expected selling price of copper in response to prevailing market conditions, it was necessary to make an impairment provision of approximately HK$180,449,000. Loss on impairment provision is non-cash item and will have no impact on the Group's cash flow and operations. Exploration and evaluation assets are three exploration permits held by the Group in Mongolia. The Group's subsidiaries have held such exploration permits in Mongolia for years. As no reserves of economic and cost effects have been found, the Group will return the exploration permits to the Government when such permits expires.

PROSPECTS

The Group is conscious of the uncertainties concerning the economic downturn in the PRC and the global economic conditions and is active in carrying out business integration with the aim of allocating the existing resources more effectively. The Group will consider reducing or eliminating existing manufacturing businesses suffering long-term losses such as the cables and wires and copper rod businesses. Meanwhile, the Group will also pay continuous attention to business sectors in various aspects to seek for new business opportunities like low capital and low labour investments such as bulk commodity. This is exactly the development strategy on which a consensus has been reached by the Board, which aims to improve its overall financial and operating performance.

The Group will closely monitor the economic development and investment environment in Mongolia so as to assess the risks if we continue to make an investment there. The Group is actively seeking investors having intention to jointly develop and invest in the two projects so as to reduce the Group's risks and share part of the capital investments.

The Group is optimistic and confident about the future prospects of the bulk commodity trading business. The new trading business has achieved remarkable results in the current year. The Group will proceed with aggressive development and seek for new customer orders to further establish the basis of the business.

With regard to rental income, the Group used the Qiaozi cables and wires plant in Changping Town, Dongguan City, for leasing purpose in the second half of the year under review and also changed the use of the Xinbao plant to leasing purpose in late June, 2015. Through integrating and making the best of the Group's land and fixed asset resources in the PRC, the Group has developed a stable income source for itself.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2015.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting of the Company (the "**2015 Annual General Meeting**") will be held on Tuesday, 22 December 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders to attend and vote at the 2015 Annual General Meeting, the register of members of the Company will be closed from Friday, 18 December 2015 to Tuesday, 22 December 2015, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the 2015 AGM, 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 Thursday, 17 December 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had approximately 900 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas (30 June 2014: 900). 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 2015, the Group implemented a prudent financial management policy. As at 30 June 2015, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$163 million (30 June 2014: HK$316 million) and value of net current assets was approximately HK$367 million (30 June 2014: HK$332 million). The Group's gearing ratio as at 30 June 2015 was 0.04 (30 June 2014: 0.09), being a ratio of total bank borrowings of approximately HK$68 million (30 June 2014: HK$158 million) to shareholders' funds of approximately HK$1,533 million (30 June 2014: HK$1,671 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 2015, the Group had pledged certain properties, plant and machinery, land use rights and fixed bank deposits with an aggregate net book value of approximately HK$360 million (30 June 2014: HK$202 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2015, the Company had issued guarantees to the extent of approximately HK$9.5 million (30 June 2014: HK$15.5 million) to the banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$9.5 million (30 June 2014: HK$15.5 million) was utilised. As at 30 June 2015, the guarantee to a financial institution issued by the Company was nil (30 June 2014: 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 2015 and the changes in fair value were charged to the income statement. The net loss from the Derivative Financial Instruments for the year under review was approximately HK$7,959,000 (2013/14: net gain of HK$728,000).

CAPITAL STRUCTURE

Capital Reorganisation, Change of Board Lot Size and Open Offer

Capital Reorganisation and Change of Board Lot Size

As disclosed in an announcement published by the Company on 6 February 2015 (the "**Announcement**"), the Board announced that the Company proposed to implement a reorganization of the share capital of the Company (the "**Capital Reorganisation**") which would involve (a) a consolidation of every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company (the "**Old Shares**") into one consolidated share (the "**Consolidated Share**") of HK$0.10 each (the "**Share Consolidation**"); (b) a reduction in the nominal value of the issued Consolidated Shares from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 on each issued Consolidated Share (the "**Capital Reduction**"); and (c) each of the authorised but unissued Consolidated Shares of

HK$0.10 each being sub-divided into ten adjusted shares of HK$0.01 each (the "**Adjusted Shares**") immediately following the Share Consolidation and the Capital Reduction (the "**Share Sub-division**"). The credit of approximately HK$17,008,685.10 arising from the Capital Reduction would be transferred to the contributed surplus account of the Company such that the Company might apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws of the Company including but not limited to setting off against accumulated losses of the Company.

The Board was of the opinion that (i) the Capital Reorganisation would provide the Company with greater flexibility for equity funding raising in the future; (ii) the credit in the contributed surplus account arising as a result of the Capital Reorganisation would enable the Company to apply the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and hence would facilitate the payment of dividends as and when the Directors consider it appropriate in the future; and (iii) the Capital Reorganisation could reduce the transaction costs for dealing in the Shares, including charges by reference to the number of share certificates issued.

Prior to the Capital Reorganisation, the Shares of the Company were traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in board lot size of 5,000 Shares. As disclosed in the Announcement, the Board further announced that the Company proposed to change the board lot size for trading in the Shares from 5,000 Shares to 20,000 Adjusted Shares (the "**Change of Board Lot Size**") subject to the Capital Reorganisation becoming effective.

The Capital Reorganisation was approved by the shareholders of the Company (the "**Shareholders**") at the special general meeting of the Company held on 1 April 2015 (the "**April 2015 SGM**"). The Capital Reorgainsation became effective on 2 April 2015 and the Change of Board Lot Size became effective on the same day.

The Board believed that the Capital Reorganisation and the Change of Board Lot Size were in the interests of the Company and its shareholders as a whole. The details of the Capital Reorganisation and the Change of Board Lot Size were set out in the Announcement, the announcement of the Company dated 1 April 2015 and the circular of the Company dated 9 March 2015.

Open Offer

As disclosed in the Announcement, the Board further announced that the Company proposed to raise approximately HK$189 million, before expenses, by way of open offer of 944,926,950 offer shares ("**Offer Shares**") at the offer price of HK$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share (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 6 February 2015 (the “**Underwriting Agreement**”) entered into between the Company and the Underwriter. The Open Offer was approved by the Shareholders of the Company at the April 2015 SGM and became unconditional in accordance with the terms of the Underwriting Agreement at 4:00 p.m. on 6 May 2015.

Based on the results of the Open Offer as announced by the Company on 7 May 2015, the Open Offer was under-subscribed by 301,670,485 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 11 May 2015.

The gross and net proceeds from the Open Offer were approximately HK$189 million and HK$182 million (net of expenses) respectively. The net price per Offer Share was approximately HK$0.193.

The utilisation of the net proceeds from the Open Offer as at 30 June 2015 and 29 September 2015 are 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 2015 and 29 September 2015
- approximately HK$90 million for repayment of short term loans	- Fully utilised as intended as at 30 June 2015
- approximately HK$50 million for financing new trading business of metallurgical grade bauxite; and	- Fully utilised as intended as at 30 June 2015
- approximately HK$42 million for general working capital of the Group	- As at 29 September 2015, approximately HK$37 million (inclusive of approximately HK$22 million utilised as intended as at 30 June 2015) utilised as intended and the remaining was deposited at the banks

Further details of the Open Offer were set out in the Announcement, the announcements of the Company dated 1 April 2015, 2 April 2015 and 7 May 2015, the circular issued by the Company dated 9 March 2015 and the Open Offer prospectus issued by the Company dated 16 April 2015.

Refreshment of General Mandate to Allot and Issue Shares

At the 2014 annual general meeting (the "**2014 AGM**") held on 19 November 2014, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the general mandate to allot and issue not more than 377,970,780 Old Shares (equivalent to 37,797,078 Shares) (the "**General Mandate**"), being 20% of the entire issued share capital of the Company of 1,889,853,900 Old Shares as at the date of the 2014 AGM.

On 8 May 2015, a total of 944,926,950 Offer Shares were allotted and issued by way of the Open Offer. The total number of Shares in issue was increased from 188,985,390 Shares to 1,133,912,340 Shares. The 37,797,078 Shares under the General Mandate then became 3.3% of the entire issued share capital of the Company as enlarged by the Open Offer.

In order to provide additional flexibility to allow the Company to seek appropriate fund raising opportunities, the Board proposed to seek refreshment of the General Mandate (the "**Refreshment of General Mandate**") at a special general meeting of the Company for the Directors to allot and issue new shares (the "**Current General Mandate**") not exceeding 20% of the issued share capital of the Company as at the date of such special general meeting. The Board believes that the Refreshment of the General Mandate is in the best interests of the Company and its Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirement of the Group.

At the special general meeting held on 9 June 2015 (the "**June 2015 SGM**"), the Current General Mandate was approved by the Shareholders of the Company. Under the Current General Mandate granted by the Shareholders of the Company, the Directors were authorised to allot and issue up to 226,782,468 Shares, being 20% of the entire issued share capital of the Company of 1,133,912,340 Shares as at the date of the June 2015 SGM.

The details of the Refreshment of General Mandate were set out in the circular of the Company dated 22 May 2015 and the announcement of the Company dated 9 June 2015.

Placing of New Shares under Current General Mandate

On 13 July 2015, 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 226,780,000 new ordinary shares at nominal value of HK$0.01 each of the Company to not less than six placees at the price of HK$0.17 per placing share (the "**Placing**") in order to raise capital for the Company and to broaden its shareholders and capital base. The closing market price of the shares of the Company on the Stock Exchange was HK$0.211 per share on 13 July 2015, which being the date on which the terms of the Placing were fixed. The Placing was completed on 29 July 2015. The 226,780,000 placing shares placed under the Placing were issued under the Current General Mandate which was granted to the Directors at the June 2015 SGM of the Company. The gross and net proceeds from the Placing amounted to approximately HK$38.55 million and approximately HK$37.3 million, respectively. The net proceeds raised per placing share were approximately HK$0.164 per share. The net proceeds, which are intended to be used for general working capital of the Group, are deposited at the banks at the date of this announcement. The details of the Placing were set out in the announcements of the Company dated 13 July 2015 and 29 July 2015.

Proposed Refreshment of Current General Mandate to Allot and Issue Shares

On 29 July 2015, the 226,780,000 placed under the Placing (the "**Placing Shares**") were issued under the Current General Mandate which was granted to the Directors at the June 2015 SGM of the Company. After the issue and allotment of the Placing Shares, the total number of Shares in issue has been increased from 1,133,912,340 Shares to 1,360,692,340 Shares. Thereafter, approximately 99.99% of the Current General Mandate was utilised by way of the Placing and only 2,468 Shares can be allotted and issued under the Current General Mandate, which is approximately 0.0002% of the entire issued Shares of the Company.

In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board believes that the refreshment of the Current General Mandate are in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirement of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

A special general meeting (the "**SGM**") will be held on 30 September 2015 and the notice the SGM has been published and set out in the circular of the Company dated 11 September 2015 (the "**Circular**"). At the SGM, an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the general mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution at the SGM.

As at 9 September 2015 being the latest practicable date of the Circular, the Company had an aggregate of 1,360,692,340 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the refreshment of the Current General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed to allot and issue up to 272,138,468 Shares, being 20% of the total number of Shares in issue as at the date of the SGM.

The refreshed Current General Mandate will expire at the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the date by which the next annual general meeting of the Company is required to be held by law or by the Bye-laws; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company prior to the next annual general meeting of the Company.

The details of the Proposed Refreshment of Current General Mandate were set out in the circular of the Company dated 11 September 2015.

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 "**Henan Shengxiang**"). Pursuant to the Agreement, Dongguan Hua Yi agreed to inject capital in the amount of RMB8,200,000 (approximately HK$10,303,000) to Henan Shengxiang (the "**Capital Injection**"). The existing core business of Henan Shengxiang 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 Henan Shengxiang 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 Henan Shengxiang was increased to RMB16,200,000 (approximately HK$20,412,000). Henan Shengxiang is held as to 51% and 49% of the enlarged registered capital by Dongguan Hua Yi and the existing shareholders of Henan Shengxiang, who are two individuals and independent third parties, respectively. Henan Shengxiang 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.

With effect from 4 February 2015, the company name of Dongguan Dixiang has been changed to 東莞市韻鑫高份子科技有限公司 (Dongguan Yunxin Polymer Technology Co., Ltd.).

THE POSSIBLE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CHINA ELECT INVESTMENTS LIMITED

On 17 December 2014, the Board announced that Chau's Industrial Investments Limited (the "**Purchaser**"), a direct wholly owned subsidiary of the Company, entered into the non-legally binding memorandum of understanding (the "**MOU**") with Jinhui Holdings Limited, an independent third party (the "**Vendor**") on 17 December 2014 in relation to the possible acquisition by the Purchaser of the entire issued share capital of China Elect Investments Limited (the "**Target**") from the Vendor (the "**Possible Acquisition**").

The consideration for the Possible Acquisition would be agreed in a formal agreement to be entered into by the Purchaser and the Vendor (the "**Formal Agreement**") and was expected to be satisfied by the Purchaser either by way of cash or by the Purchaser procuring the Company to allot and issue new Shares, convertible bonds, convertible preference shares and/or bonds of the Company or a combination of any of the above.

The Target, incorporated in the British Virgin Islands, is principally engaged in investment holding and upon completion of the transactions contemplated under the MOU, the Target and its subsidiaries (the "**Target Group**") would be engaged in the research, development, manufacture and sale of nanozirconia powder by applying the nano related technology. Upon completion of the transactions contemplated under the MOU, the Purchaser would be interested in the entire issued share capital of the Target and members of the Target Group would become wholly owned subsidiaries of the Company.

It had been agreed that the MOU would lapse if the Formal Agreement could not be entered into within 180 days from the date of the MOU or before such later date as might be agreed by the parties to the MOU. Since consensus on the terms of the Formal Agreement could not be reached by the parties to the MOU, the parties to the MOU entered into a termination letter on 10 June 2015 to confirm the termination and lapse of the MOU. The Possible Acquisition would not proceed accordingly.

The Directors are of the view that the lapse of the MOU has no material adverse impact on the financial position or the current business operations of the Company and its subsidiaries as a whole.

The details of the Possible Acquisition were set out in the announcements of the Company dated 17 December 2014 and 10 June 2015.

SIGNIFICANT INVESTMENT

Save as disclosed above, the Group did not make any other 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 shareholders and capital base, the Company conducted the Open Offer during the year ended 30 June 2015.

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 2015.

COMPLIANCE WITH THE CODE PROVISIONS

During the year under review, the Company 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 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 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 annual general meeting (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. In accordance with the Bye-laws of the Company, Mr. Lo retired from office by rotation at the 2014 AGM and offered himself for re-election at the 2014 AGM. An ordinary resolution was passed at the 2014 AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive Director of the Company.

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 of the Company. The Audit Committee has adopted terms of reference which are in line with the Code provisions set out in Appendix 14 of the Listing Rules. During the year under review, the Audit Committee met with the internal audit team to understand and evaluate the financial risk associated to the Group and review the effectiveness of the Group's internal control. The Audit Committee is satisfied with the Group's internal control procedure and financial reporting disclosures. 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 under review.

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, monitoring the implementation of the board diversity policy, assessing independence of independent non-executive Directors and making recommendations on appointments and re-appointments of Directors.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 under review.

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, 29 September 2015

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

* *For identification purposes only*