SOLARTECH INTERNATIONAL HOLDINGS LIMITED

星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2017/2018 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 the year ended 30 June 2018 together with last year's comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Turnover	3 and 4	**395,380**	442,522
Cost of sales		**(357,583)**	(405,975)
Gross profit		**37,797**	36,547
Interest income		**8,033**	3,560
Other income and gains		**14,326**	3,122
General and administrative expenses		**(95,185)**	(137,927)
Selling and distribution expenses		**(8,614)**	(9,507)
Finance costs	6	**(10,296)**	(16,091)
Change in fair value of derivative financial instruments, net		**738**	1,506
Change in fair value of investment properties, net	10	**37,540**	34,191
Change in fair value and gain/(loss) on disposal of financial assets at fair value through profit or loss, net		**7,387**	(28,667)
Change in fair value of profit guarantee		**(5,880)**	(7,620)
Impairment loss for doubtful debts, net		**(2,475)**	(8,446)
(Impairment loss)/reversal of impairment loss on intangible assets	12	**(23,952)**	84,961
Impairment loss on property, plant and equipment		**(7,122)**	(23,351)
Impairment loss on interests in associates		**(42,519)**	–
Loss on disposal of subsidiaries	16	**(1,236)**	(1,017)
Share of results of associates		**8,626**	2,350
Share of results of joint ventures		**2,525**	(5,354)

* *For identification purposes only*

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Loss before taxation	5	**(80,307)**	(71,743)
Taxation	7	**(5,368)**	(7,166)
Loss for the year		**(85,675)**	(78,909)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on transfer from prepaid lease payments for land and property, plant and equipment to investment properties, net of deferred tax		**–**	2,172
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(3,625)**	(2,226)
Share of other comprehensive income of associates		**534**	(152)
Share of other comprehensive income of joint ventures		**82**	192
Reclassification adjustment on exchange differences for a foreign operation disposed of during the year		**13,965**	1,689
Other comprehensive income for the year		**10,956**	1,675
Total comprehensive income for the year		**(74,719)**	(77,234)
Loss attributable to:			
Owners of the Company		**(85,639)**	(70,197)
Non-controlling interests		**(36)**	(8,712)
		(85,675)	(78,909)
Total comprehensive income attributable to:			
Owners of the Company		**(74,426)**	(68,333)
Non-controlling interests		**(293)**	(8,901)
		(74,719)	(77,234)
Loss per share:			
– Basic and diluted (HK$)	9	**(0.036)**	(0.031)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**80,318**	98,955
Investment properties	10	**303,146**	259,889
Prepaid lease payments for land	11	**107,552**	49,338
Intangible assets	12	**600,275**	624,357
Prepayments for acquisition of a subsidiary and property, plant and equipment		**–**	29,464
Other assets		**200**	200
Interests in associates	13	**79,311**	112,670
Interests in joint ventures	14	**32,791**	30,184
Total non-current assets		**1,203,593**	1,205,057
Current assets			
Inventories		**31,657**	26,207
Debtors, other loans and receivables, deposits and prepayments	15	**237,968**	221,203
Bills receivable		**14,310**	12,507
Financial assets at fair value through profit or loss		**59,522**	54,935
Prepaid lease payments for land	11	**2,974**	1,671
Pledged bank deposits		**11,851**	–
Bank balances held on behalf of brokerage clients		**5,147**	10,147
Bank balances and cash		**87,065**	61,987
		450,494	388,657
Assets of a disposal group classified as held for sale	16	**–**	134,728
Total current assets		**450,494**	523,385

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Current liabilities			
Creditors, other advances and accrued charges	17	**77,514**	70,612
Derivative financial liabilities		**67**	76
Borrowings		**126,141**	97,904
Promissory notes	18	**–**	23,871
Taxation		**92**	113
		203,814	192,576
Liabilities of a disposal group classified as held for sale	16	**–**	21,742
Total current liabilities		**203,814**	214,318
Net current assets		**246,680**	309,067
Total assets less current liabilities		**1,450,273**	1,514,124
Non-current liabilities			
Deferred tax liabilities		**50,245**	44,264
Total non-current liabilities		**50,245**	44,264
Total net assets		**1,400,028**	1,469,860
EQUITY			
Capital and reserves			
Share capital		**23,650**	23,512
Reserves		**1,385,056**	1,454,732
Equity attributable to owners of the Company		**1,408,706**	1,478,244
Non-controlling interests		**(8,678)**	(8,384)
Total equity		**1,400,028**	1,469,860

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve fund *HK$'000*	Property revaluation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non–controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2016	19,594	1,706,049	612,360	(15,178)	4,866	64,303	–	(977,950)	1,414,044	8,946	1,422,990
Loss for the year	–	–	–	–	–	–	–	(70,197)	(70,197)	(8,712)	(78,909)
Exchange difference on translation of foreign operations	–	–	–	(2,037)	–	–	–	–	(2,037)	(189)	(2,226)
Share of other comprehensive income of associates	–	–	–	(152)	–	–	–	–	(152)	–	(152)
Share of other comprehensive income of joint ventures	–	–	–	192	–	–	–	–	192	–	192
Surplus on transfer from prepaid lease payments for land and property, plant and equipment to investment properties, net of deferred tax	–	–	–	–	–	2,172	–	–	2,172	–	2,172
Reclassification adjustment on exchange differences for a foreign operation disposal of during the year	–	–	–	1,689	–	–	–	–	1,689	–	1,689
Total comprehensive income for the year	–	–	–	(308)	–	2,172	–	(70,197)	(68,333)	(8,901)	(77,234)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(8,429)	(8,429)
Share–based payment expenses	–	–	–	–	–	–	17,919	–	17,919	–	17,919
Placements of new shares	3,918	110,696	–	–	–	–	–	–	114,614	–	114,614
At 30 June 2017	23,512	1,816,745	612,360	(15,486)	4,866	66,475	17,919	(1,048,147)	1,478,244	(8,384)	1,469,860

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve fund *HK$'000*	Property revaluation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2017	23,512	1,816,745	612,360	(15,486)	4,866	66,475	17,919	(1,048,147)	1,478,244	(8,384)	1,469,860
Loss for the year	–	–	–	–	–	–	–	(85,639)	(85,639)	(36)	(85,675)
Exchange difference on translation of foreign operations	–	–	–	(3,368)	–	–	–	–	(3,368)	(257)	(3,625)
Share of other comprehensive income of associates	–	–	–	534	–	–	–	–	534	–	534
Share of other comprehensive income of joint ventures	–	–	–	82	–	–	–	–	82	–	82
Reclassification adjustment on exchange differences for a foreign operation disposal of during the year	–	–	–	13,965	–	–	–	–	13,965	–	13,965
Total comprehensive income for the year	–	–	–	11,213	–	–	–	(85,639)	(74,426)	(293)	(74,719)
Exercise of share options	138	6,878	–	–	–	–	(2,128)	–	4,888	–	4,888
Forfeiture of share options	–	–	–	–	–	–	(2,284)	2,284	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	(1)	(1)
At 30 June 2018	23,650	1,823,623	612,360	(4,273)	4,866	66,475	13,507	(1,131,502)	1,408,706	(8,678)	1,400,028

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.

Share option reserve represents the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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, trading of securities, provision of financing and management service and holding of mining right. Its associates are engaged in advertising and media services, branding and marketing services, corporate image and strategy services and innovating strategy services in the PRC. Its joint ventures are engaged in holding of mining permits.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

(a) Adoption of new/revised HKFRSs – effective 1 July 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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

Amendments to HKAS 7 Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

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

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1 First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28 Investments in Associates and Joint Ventures[2]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 Business Combinations[2]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12 Income Taxes[2]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23 Borrowing Costs[2]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKAS 40	Transfer of Investment Property[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

HKFRS 9 – 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.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the directors anticipate that the application of the expected credit loss model of HKFRS 9 may result in earlier recognition of credit losses on the Group's financial assets measured at amortised cost taking into account the estimated credit risk of customers and other debtors the Group has business with and the actual impairment of receivables experienced. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

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.

Except as discussed above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the financial statements of the Group in the future.

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 HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Management has performed a preliminary assessment and expects that there is no material change on the revenue recognition in regard of timing and amount on adoption of HKFRS 15 for next financial year. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

Amendments to HKFRS 15 – Clarifications to HKFRS 15 Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitment of the Group in respect of factory and office premises leased by the Group under operating lease arrangements as at 30 June 2018 amounted to HK$8,206,000. The directors of the Company have performed a preliminary assessment and consider that these arrangements will meet the definition of a lease under HKFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, more quantitative disclosures about the leases will be made following the requirements of HKFRS 16. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Amendments to HKAS 40 – Transfers of Investment Property

The amendments provides guidance on deciding when there is a change in use to transfer a property to or from investment property. The amendments clarify that a change in use occurs when the property meets or ceases to meet the definition of investment property and there is evidence of the change in use.

The amendments also re-characterise the list of evidence provided in the standard as a non-exhaustive list of examples, i.e. other forms of evidence may support a transfer.

HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or nonmonetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

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.

Except as discussed above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the financial statements of the Group in the future.

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 2017 and 2018 and for the years then ended for the purpose of segment reporting.

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

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

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

For the year ended 30 June 2018

	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	196,081	179,408	–	11,550	8,341	395,380	–	395,380
Inter-segment revenue	–	35,916	–	–	–	35,916	(35,916)	–
Reportable segment revenue	196,081	215,324	–	11,550	8,341	431,296	(35,916)	395,380
Reportable segment (loss)/profit	(6,704)	(17,199)	(10)	41,225	(63,295)	(45,983)	–	(45,983)
Finance costs	(3,432)	(4,324)	–	–	–	(7,756)	–	(7,756)
Change in fair value of derivative financial instruments, net	–	659	–	–	79	738	–	738
Change in fair value and gain on disposal of financial assets at fair value through profit or loss, net	–	–	–	–	7,387	7,387	–	7,387
Change in fair value of investment properties, net	5,940	–	–	31,600	–	37,540	–	37,540
Change in fair value of profit guarantee	–	–	–	–	(5,880)	(5,880)	–	(5,880)
(Impairment loss)/reversal of impairment loss for doubtful debts, net	(2,177)	(363)	–	–	65	(2,475)	–	(2,475)
Impairment loss on property, plant and equipment	–	(7,122)	–	–	–	(7,122)	–	(7,122)
Impairment loss on interests in associates	–	–	–	–	(42,519)	(42,519)	–	(42,519)
Loss on disposal of a subsidiary	–	–	–	–	(1,236)	(1,236)	–	(1,236)
Share of results of associates	–	–	–	–	8,626	8,626	–	8,626
Depreciation of property, plant and equipment								
– allocated	(6,607)	(5,911)	–	(1,717)	(3,055)	(17,290)	–	(17,290)
– unallocated								(60)
								(17,350)
Taxation	(405)	2,736	45	(7,744)	–	(5,368)	–	(5,368)

For the year ended 30 June 2017

	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	166,669	217,272	28,932	16,328	13,321	442,522	–	442,522
Inter-segment revenue	–	23,950	–	–	–	23,950	(23,950)	–
Reportable segment revenue	166,669	241,222	28,932	16,328	13,321	466,472	(23,950)	442,522
Reportable segment profit/(loss)	4,208	(36,800)	(1,045)	6,595	(43,467)	(70,509)	(14,632)	(85,141)
Finance costs	(2,888)	(4,033)	(388)	–	–	(7,309)	–	(7,309)
Change in fair value of derivative financial instruments, net	–	1,624	–	–	(118)	1,506	–	1,506
Change in fair value and loss on disposal of financial assets at fair value through profit or loss, net	–	–	–	–	(28,667)	(28,667)	–	(28,667)
Change in fair value of investment properties, net	9,938	–	–	24,253	–	34,191	–	34,191
Change in fair value of profit guarantee	–	–	–	–	(7,620)	(7,620)	–	(7,620)
Reversal of impairment loss/(impairment loss) for doubtful debts, net	449	(6,838)	–	(1,760)	(297)	(8,446)	–	(8,446)
Impairment loss on property, plant and equipment	(302)	–	–	(23,009)	(40)	(23,351)	–	(23,351)
Loss on disposal of a subsidiary	–	–	–	–	(1,017)	(1,017)	–	(1,017)
Share of results of associates	–	–	–	–	2,350	2,350	–	2,350
Depreciation of property, plant and equipment								
– allocated	(7,449)	(5,933)	(117)	(3,479)	(3,762)	(20,740)	–	(20,740)
– unallocated								(82)
								(20,822)
Taxation	(1,939)	376	(27)	(5,576)	–	(7,166)	–	(7,166)

As at 30 June 2018

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Metallurgical Grade bauxite *HK$'000*	Investment properties *HK$'000*	Others *HK$'000*	Total *HK$'000*
Reportable segment assets	**190,148**	**271,488**	**1,823**	**293,555**	**289,502**	**1,046,516**
Additions to non-current assets	**4,199**	**–**	**–**	**–**	**61,685**	**65,884**
Reportable segment liabilities	**99,687**	**75,758**	**–**	**7,720**	**7,956**	**191,121**

As at 30 June 2017

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Metallurgical Grade bauxite *HK$'000*	Investment properties *HK$'000*	Others *HK$'000*	Total *HK$'000*
Reportable segment assets	231,970	190,115	22,022	205,996	331,470	981,573
Additions to non-current assets	6,168	2,984	466	–	15,409	25,027
Reportable segment liabilities	76,021	66,081	–	4,659	20,395	167,156

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

	For the year ended 30 June	
	2018 *HK$'000*	2017 *HK$'000*
Loss before taxation		
Reportable segment loss	**(45,983)**	(85,141)
(Impairment loss)/reversal of impairment loss on intangible assets	**(23,952)**	84,961
Share of results of joint ventures	**2,525**	(5,354)
Unallocated finance costs	**(2,540)**	(8,782)
Share-based payment expenses	**–**	(17,919)
Unallocated corporate expenses	**(10,357)**	(39,508)
Consolidated loss before taxation	**(80,307)**	(71,743)

	30 June 2018 *HK$'000*	30 June 2017 *HK$'000*
Assets		
Reportable segment assets	**1,046,516**	981,573
Mining right	**553,426**	566,157
Interests in joint ventures	**32,791**	30,184
Unallocated bank balances and cash	**8,740**	34,443
Unallocated corporate assets	**12,614**	116,085
Consolidated total assets	**1,654,087**	1,728,442

	30 June 2018	30 June 2017
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**191,121**	167,156
Promissory notes	**–**	23,871
Taxation	**92**	113
Deferred tax liabilities	**50,245**	44,264
Unallocated corporate liabilities	**12,601**	23,178
Consolidated total liabilities	**254,059**	258,582

(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:

	2018	2017
	HK$'000	*HK$'000*
PRC	**303,340**	343,643
Americas	**17,164**	22,035
Europe	**34,237**	36,011
Hong Kong	**27,415**	28,172
Other Asian regions	**13,224**	12,661
	395,380	442,522

	Specified non-current assets	
	30 June 2018	30 June 2017
	HK$'000	*HK$'000*
PRC	**468,817**	445,172
Hong Kong	**139,933**	151,608
Mongolia	**594,643**	608,077
	1,203,393	1,204,857

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, trading of metallurgical grade bauxite segment, and investment properties segment; whereas two customers (2017: one customer) contributed over 10% of revenue to the Group's trading of copper rods segment.

	2018	2017
	HK$'000	*HK$'000*
Copper rods segment		
Customer I	**86,211**	73,963
Customer II	**53,159**	N/A[1]

Note:

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

5. LOSS BEFORE TAXATION

This is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**2,040**	1,797
Depreciation of property, plant and equipment	**17,350**	20,822
Carrying amount of inventories sold	**355,448**	407,206
Write-down of inventories	**2,135**	–
Reversal of write-down of inventories (Note (i))	**–**	(1,231)
Cost of inventories recognised as expenses (Note (ii))	**357,583**	405,975
Change in fair value of profit guarantee (Note (iii))	**5,880**	7,620
Charge of prepaid lease payments for land	**2,711**	1,734
Operating lease rentals in respect of rented premises	**12,601**	12,718
Loss on disposal of property, plant and equipment	**115**	–
Exchange differences, net	**(10,444)**	15,122
Share-based payment expenses	**–**	17,919
Wages, salaries and retirement benefit scheme contributions including directors' remuneration	**65,478**	69,417

Notes:

(i) The reversal of a write-down of inventories arising due to the decrease in provision for slow-moving stock from HK$5,720,000 in 2016 to HK$4,489,000.

(ii) Cost of inventories includes HK$30,024,000 (2017: HK$34,444,000) relating to staff costs and depreciation of property, plant and equipment, for which the amounts are also included in the respective total amounts disclosed separately above.

(iii) The profit guarantee was arising from the Group's acquisition of 49% equity interest in Idea International Holdings Limited. The profit guarantee was initially and subsequently measured at fair value. As at 30 June 2017, the fair value of the profit guarantee, included in debtors, other loans and receivables, deposits and prepayments was measured at fair value of HK$5,880,000 with reference to professional valuation conducted by Peak Vision Appraisals Limited ("Peak Vision").

During the year ended 30 June 2018, the profit guarantee has been achieved and hence it is derecognised and accordingly a loss on change in fair value of HK$5,880,000 (2017: HK$7,620,000) was recognised in profit or loss.

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on borrowings	**8,439**	7,309
Imputed interest on promissory notes	**1,857**	8,782
	10,296	16,091

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Hong Kong profits tax:		
Current year	**–**	–
Taxation in other jurisdictions:		
Current year	**40**	243
Under-provision in respect of prior years	**458**	102
	498	345
Deferred taxation	**4,870**	6,821
Taxation for the year	**5,368**	7,166

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 2017 and 2018.

8. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2017 and 2018.

9. LOSS PER SHARE

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

Loss

	2018	2017
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(85,639)**	(70,197)

Number of shares

	2018	2017
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,354,853,025**	2,230,809,732

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the year ended 30 June 2017 and 2018.

10. INVESTMENT PROPERTIES

	Note	**2018** *HK$'000*	2017 *HK$'000*
Fair value:			
At beginning of year		**259,889**	348,856
Transferred from property, plant and equipment		**–**	6,082
Transferred from prepaid lease payments for land	11	**–**	1,934
Fair value gains, net		**37,540**	34,191
Transferred to assets held for sale		**–**	(127,275)
Currency realignment		**5,717**	(3,899)
At end of year		**303,146**	259,889

The Group's investment properties were valued at 30 June 2018 by Peak Vision and LCH (Asia-Pacific) Surveyors Limited ("LCH"), 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 buildings and the residential buildings, 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 or using the direct comparison approach by making reference to comparable sales evidence available as in the relevant market. These valuations gave rise to net fair value gains of HK$37,540,000 (2017: HK$34,191,000) 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 ranging from 2.8% to 19.64% (2017: 2.6% to 15%), reversionary yield ranging from 2.8% to 9.64% (2017: 3.1% to 9%) and average market unit rent per month ranging from RMB11.1 to RMB26.7 (2017: RMB4 to RMB24.2) per square metre are adopted for the industrial buildings whereas term yield of 3.5% (2017: 4%), reversionary yield of 3.75% (2017: 4.25%) and average market unit rent per month ranging from RMB19 to RMB27 (2017: RMB18 to RMB27) per square metre are adopted for the residential buildings.

Under the direct comparison approach, significant inputs of the Group's industrial buildings in the PRC include price per square metre of RMB1,483 (2017: RMB1,937) adjusted for a discount of 7% (2017: mark up of 7.8%) specific to the location of the Group's industrial building located in the PRC compared to recent sales on the comparable transactions.

The fair value measurement of investment properties is negatively correlated to the term yield and 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 feet and square metre where appropriate and a favourable adjustment on the comparable transactions under the direct comparison approach.

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 profit or loss. All the gains recognised 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 investment properties are mainly situated in the PRC.

11. PREPAID LEASE PAYMENTS FOR LAND

		2018	2017
	Note	***HK$'000***	*HK$'000*
Carrying amount:			
At beginning of year		**51,009**	55,459
Addition		**61,662**	–
Charged to the profit or loss for the year		**(2,711)**	(1,734)
Transferred to investment properties	10	**–**	(1,934)
Currency realignment		**566**	(782)
At end of year		**110,526**	51,009

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

	2018	2017
	HK$'000	*HK$'000*
Leasehold land situated in the PRC	**110,248**	50,721
Leasehold land situated in Hong Kong	**278**	288
	110,526	51,009
Analysed for reporting purposes as:		
Non-current	**107,552**	49,338
Current	**2,974**	1,671
	110,526	51,009

12. INTANGIBLE ASSETS

	Mining right HK$'000	Trading right HK$'000	Goodwill HK$'000	Total HK$'000
COST:				
At 1 July 2016	1,168,613	630	57,570	1,226,813
Currency realignment	(565)	–	–	(565)
At 30 June 2017 and 1 July 2017	1,168,048	630	57,570	1,226,248
Currency realignment	(133)	–	–	(133)
At 30 June 2018	1,167,915	630	57,570	1,226,115
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:				
At 1 July 2016	686,865	–	–	686,865
Reversal of impairment loss	(84,961)	–	–	(84,961)
Currency realignment	(13)	–	–	(13)
At 30 June 2017 and 1 July 2017	601,891	–	–	601,891
Impairment loss recognised	12,601	-	11,351	23,952
Currency realignment	(3)	–	–	(3)
At 30 June 2018	614,489	-	11,351	625,840
NET CARRYING AMOUNT:				
At 30 June 2018	553,426	630	46,219	600,275
At 30 June 2017	566,157	630	57,570	624,357

Mining right

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 cash-generating unit for which the mining right belongs to (the "Mining CGU"). Given the current development status of mining right, management has determined that recoverable amount of the Mining CGU on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating the recoverable amount of the Mining CGU, which adopted cash flow projection for a period of 10 years which is estimated to be the entire period of mining activities, discounted by the post-tax discount rate of 24.49%. 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 commodity 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 2018, the carrying amount of the Mining CGU was HK$574,453,000, which was higher than the recoverable amount of HK$561,852,000 based on the above assessment, resulting in an impairment loss of HK$12,601,000. The impairment loss is primarily due to the delay in the mining plan and hence a corresponding decrease in future cash inflows, which is attributed to the decrease in the recoverable amount of the mining right.

As at 30 June 2017, the carrying amount of the Mining CGU was HK$494,351,000, which was less than the recoverable amount of HK$579,312,000 based on the above assessment, resulting in a reversal of impairment loss on mining right previously recognised of HK$84,961,000. The reversal of impairment loss recognised in the prior year is primarily due to the significant increase in the expected selling price of copper according to the prevailing market conditions, which is attributed to the increase in the recoverable amount of the mining right.

Trading right and goodwill

Trading right confers a right to the Group to trade securities and options contracts on or through the Stock Exchange such that the Group can conduct the business of securities brokerage.

Trading right is considered by the directors of the Group as having indefinite useful life because there is no foreseeable limit on the period over which the trading right is expected to generate cash flows to the Group. Trading right is not amortised until its useful life is determined to be finite. Instead, it is tested for impairment annually and whenever there is an indication that it may be impaired. For such purposes, trading right is allocated to the businesses of securities brokerage, placing and underwriting services and margin financing as one CGU (the "Securities CGU"). For the purposes of impairment testing, goodwill arising from the related business combination is also allocated to the Securities CGU.

The recoverable amount of the Securities CGU has been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated weighted average growth rate of 3%, which does not exceed the long-term growth rate for the relevant industry.

Pre-tax discount rate	**15.93%**
Growth rate within the three-year period	**3%**

The discount rate reflects specific risks relating to the Securities CGU. The growth rate within the three-year period have been based on past experience.

As at 30 June 2018, the carrying amount of the Securities CGU was HK$59,741,000, which was higher than the recoverable amount of HK$48,390,000 based on the above assessment, resulting in an impairment loss on goodwill of HK$11,351,000 (2017: HK$Nil).

13. INTERESTS IN ASSOCIATES

	2018 HK$'000	2017 HK$'000
Share of net assets	**37,802**	28,642
Goodwill *(Note)*	**41,509**	84,028
	79,311	112,670

Note: During the year, the recoverable amount of the Group's interests in associates were determined by the directors of the Company based on value-in-use calculations with reference to a professional valuation performed by Peak Vision. The calculation used cash flow projection based on the financial budget approved by management covering a three-year period. The cash flows beyond the three-year period are extrapolated using a steady growth rate of 3%, which is based on the relevant industry growth rate and does not exceed the average long-term growth rate for the business in which the associates operate. The pre-tax discount rate of 18.05% adopted in the calculation is determined by using the Income Model.

As at 30 June 2018, the carrying amount of the Group's interests in associates, before impairment, is higher than their recoverable amount based on the above assessment. Accordingly, an impairment loss on the goodwill included in interests in associates of HK$42,519,000 was recognised in profit or loss.

Particulars of the Group's associates are as follows:

Name of company	Place of incorporation/ establishment and operation	Proportion of effective interest held by the Group	Principal activities
Idea International Holdings Ltd. ("IDEA")	Cayman Islands	49% (direct)	Investment holding
Idea Advertising Holdings Ltd.	BVI	49% (indirect)	Investment holding
Idea Advertising Hong Kong Company Ltd.	Hong Kong	49% (indirect)	Investment holding
廣州市藝典廣告有限公司	PRC	49% (indirect)	Advertising and media services, branding and marketing services, corporate image and strategy services and innovation strategy services
珠海藝典廣告有限公司	PRC	49% (indirect)	Advertising and media services, branding and marketing services, corporate image and strategy services and innovation strategy services
霍爾果斯藝典廣告有限公司	PRC	49% (indirect)	Advertising and media services, branding and marketing services, corporate image and strategy services and innovation strategy services

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

14. INTERESTS IN JOINT VENTURES

	2018	2017
	HK$'000	*HK$'000*
Shares of net assets	**32,791**	30,184

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

Name of company	Place of incorporation/ establishment and operation	Proportion of effective interest held by the Group	Principal activities
Venture Max Limited	BVI	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

As at 30 June 2018, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$55,743,000 (2017: HK$51,692,000).

(i) The Group allows an average credit period of 30 to 60 days (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**28,222**	31,661
31 – 60 days	**12,146**	10,969
61 – 90 days	**10,621**	7,366
Over 90 days	**4,754**	1,696
	55,743	51,692

16. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISPOSAL OF SUBSIIDIARIES

On 15 October 2016, the Group, through a wholly-owned subsidiary, entered into an agreement with Key State Global Limited, an independent third party, to dispose of the entire issued share capital in a subsidiary, China Glory Management Limited (together with its subsidiaries are collectively referred to as the "Disposal Group"), at the consideration of HK$140,000,000 in cash. The Disposal Group is principally engaged in holding of land use rights, and manufacturing and trading of cables and wires in the PRC.

As at 30 June 2017, the Disposal Group does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

The following major classes of assets and liabilities relating to the Disposal Group have been classified as held for sale in the consolidated statement of financial position as at 30 June 2017.

	2017
	HK$'000
Property, plant and equipment	578
Investment properties *(Note 10)*	127,275
Debtors, other loans and receivables, deposits and prepayments	877
Bank balances and cash	5,998
Assets of a disposal group classified as held for sale	134,728
Creditors, other advances and accrued charges	(2,052)
Deferred tax liabilities	(19,690)
Liabilities of a disposal group classified as held for sale	(21,742)

On 24 August 2017, the disposal of equity interest in the Disposal Group has been completed.

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	549
Investment properties	131,482
Debtors, other loans and receivables, deposits, and prepayments	15,688
Bank balances and cash	1,515
Creditors, other advances and accrued charges	(2,052)
Deferred tax liabilities	(19,911)
Net assets disposed of	127,271
Cumulative exchange differences in respect of the net assets of the Disposal Group reclassified from equity to profit or loss on loss of control of the Disposal Group	13,965
Loss on disposal	(1,236)
Total consideration	140,000
Net cash inflow arising on disposal:	
Consideration received in cash	140,000
Less: Cash and bank balances disposed of	(1,515)
	138,485

On 28 March 2017, the Group disposed of its interests in Henan Shengxiang Industry Co., Ltd. ("HNSX") for a cash consideration of RMB8,200,000. HNSX is engaged in the provision of trading of metallurgical of bauxite in the PRC. The directors of the Company considered that disposal of HNSX does not constitute a discontinued operation as it does not represent the disposal of a separate major line of business or geographical area of operation. The net assets of HNSX at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	893
Inventories	2,762
Debtors, other loans and receivables, deposits and prepayments	28,189
Cash and cash equivalents	468
Creditors, other advances and accrued charges	(15,110)
Non-controlling interest	(8,429)
	8,773
Reclassification adjustment on exchange reserve	1,689
Loss on disposal of a subsidiary	(1,017)
Total cash consideration	9,445
Net cash inflows arising from the disposal:	
Cash consideration (Note)	5,932
Cash and bank balances disposed of	(468)
At 30 June 2017	5,464

Note: During the year ended 30 June 2017, HK$5,932,000 out of the total consideration of HK$9,445,000 has been received by the Group.

During the year ended 30 June 2018, the remaining balance HK$3,513,000 of the total consideration has been received by the Group.

17. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

As at 30 June 2018, included in the Group's creditors, other advances and accrued charges were trade creditors of HK$34,573,000 (2017: HK$38,463,000).

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

	2018	2017
	HK$'000	*HK$'000*
Current or within 30 days	**20,318**	24,916
31 – 60 days	**7,199**	7,332
61 – 90 days	**2,037**	1,175
Over 90 days	**5,019**	5,040
	34,573	38,463

18. PROMISSORY NOTES

During the prior years, the Company issued promissory notes with principal amounts of HK$42,000,000 and HK$100,000,000 as part of the considerations to acquire 100% equity interest of Pico Zeman Securities (HK) Ltd and 49% equity interest of IDEA respectively. The promissory notes are unsecured, bear interest at 6% per annum and matured at the second anniversary from the respective dates of issue, i.e. April and May 2018.

The promissory notes were initially recognised at their fair values at the dates of issue and subsequently measured at amortised cost using the effective interest method.

The movements of the promissory notes during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
At 1 July	**23,871**	96,900
Imputed interest on promissory notes	**1,857**	8,782
Redemption on promissory notes	**(23,000)**	(79,000)
Interest paid	**(2,728)**	(2,811)
At 30 June	**–**	23,871

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2018 (the "**year under review**"), total turnover of the Group was approximately HK$395,380,000, representing a decrease of 10.7% as compared to approximately HK$442,522,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$85,639,000, as compared to the loss attributable to owners of the Company of approximately HK$70,197,000 for the corresponding period last year. Loss per share for the year under review was approximately HK$0.04 (Loss per share for 2016/17: HK$0.03).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$395,380,000, representing a decrease of 10.7% as compared to approximately HK$442,522,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$196,081,000, representing an increase of 17.7% as compared to approximately HK$166,669,000 for the same period of last year and accounted for 49.6% of the Group's total turnover. Turnover of the copper rod business was approximately HK$179,408,000, representing a decrease of 17.4% as compared to approximately HK$217,272,000 for the same period of last year and accounted for 45.4% of the Group's total turnover. Turnover of the metallurgical grade bauxite trading business was Nil as compared to approximately HK$28,932,000 for the same period of last year. Turnover of the leasing business was approximately HK$11,550,000, representing a decrease of 29.3% as compared to approximately HK$16,328,000 for the same period of last year and accounted for 2.9% of the Group's total turnover. Turnover of other business was approximately HK$8,341,000 and accounted for 2.1% of the Group's total turnover, as compared to approximately HK$13,321,000 for the same period of last year.

By geographical market segments, turnover from the business in the Americas decreased by 22.1% to approximately HK$17,164,000 from approximately HK$22,035,000 for the same period of last year, accounting for 4.3% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 11.0% to approximately HK$330,755,000 from approximately HK$371,815,000 for the same period of last year, accounting for 83.6% of the Group's total turnover. Turnover from the business in Europe decreased by 4.9% to approximately HK$34,237,000 from approximately HK$36,011,000 for the same period of last year, accounting for 8.7% of the Group's total turnover. Turnover from the business in other regions increased by 4.5% to approximately HK$13,224,000 from approximately HK$12,661,000 for the same period of last year, accounting for 3.4% of the Group's total turnover.

Cables and Wires

The Group's turnover of the cables and wires business for the year under review was approximately HK$196,081,000, representing an increase of 17.7% as compared to approximately HK$166,669,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, although the macro-economic conditions in the PRC bring serious challenges to the Company's development, the operating conditions in the manufacturing industry continue to improve as a result of the depreciation of RMB. During the year under review, the Group has been proactively monitoring the development of the US-China trade war as well as the upcoming policies in Mainland China, and has carried out research and adjustments accordingly to adopt appropriate market strategies.

Copper Rod Business

The copper rod business comprises the manufacturing and trading of copper rods and copper wires and their related products. During the year under review, the turnover of the copper rod business was approximately HK$179,408,000, representing a decrease of 17.4% as compared to approximately HK$217,272,000 for the same period of last year. The copper rods and copper wires are primarily used in the production of electric wires or cables for household appliances, electronic products and power supply in infrastructure facilities. International copper prices continued to recover during the year under review and the 3-month London Metal Exchange copper price increased from approximately US$5,900 at the beginning of the year under review to approximately US$6,600 at the end of the year under review. As an increase in copper price only allowed certain major upstream copper companies to lower their copper rod processing fees to attract clients during the year, the operating environment for the copper rod business remains poor. After considering the cost efficiency of the business, the Group redeployed resources and focused on copper wires trading during the year.

Metallurgical Grade Bauxite Trading Business

During the year under review, no turnover was recorded in the metallurgical grade bauxite trading business as commodities for this business were mainly imported from Pahang, Malaysia. The local authority in Malaysia implemented a suspension order on bauxite mining and export activities from the beginning of 2016 to the end of the year under review in order to monitor mining operations and to alleviate water pollution problems. The Group will continue to observe and closely monitor the development of the suspension order on bauxite mining.

Rental Income

Investment properties of the Group include a plant property in Qiaozi, a factory property in Shanghai Qingpu District, a residential property in Dongguan Changping Town and an industrial property in Kowloon Bay. During the year under review, rental income was approximately HK$11,550,000, representing a decrease of approximately 29.3% as compared to approximately HK$16,328,000 for the same period last year. Such decrease is mainly due to the disposal of Santai Industrial Zone at the beginning of the year under review.

Mining

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. During the year under review, the State of Mongolia held a presidential election and elected a new prime minister and a new cabinet. The impact of a new Mongolian government on the economic development of Mongolia and its appeal to foreign investors going forward will remain to be seen. The Group adjusted its investment plan for Mongolia accordingly and adopted a more prudent approach. Apart from the necessary work to maintain mining rights, no large scale capital investment was made during the year under review. The Group is looking for strategic alliance partners who have experience in exploring mines to negotiate the possibility of cooperation in excavating and exploring mineral resources in Mongolia.

Securities Business

The performance of the securities business during the year under review was sluggish, with turnover of approximately HK$8,341,000, representing a decrease of approximately 37.4% as compared to approximately HK$13,321,000 for the same period of last year. As there was fierce competition in the industry with competitors lowering their brokerage fee in order to attract clients, despite the Group has also reduced its brokerage fee in line with the market to retain clients, the operating environment remains harsh. The Group will closely monitor the development of the market and make appropriate adjustments accordingly.

Advertising Business

The Group owns 49% of the issued capital of Idea International Holdings Limited ("**Idea**"). The business scope of Idea includes acting as an integrated brand marketing and advertising company based on media agency, column placement, media delivery and advertisement design and provision of advertising and media related services for clients with famous brands in beverage, IT and motor industries. During the year under review, the growth in the business of Idea remained stable. The audited net profit after tax of Idea for the financial year ended 31 December 2017 prepared under the HKFRSs reached its profit guarantee of RMB23,000,000.

PROSPECTS

During the US-China trade war, which broke out in the first half of 2018, the US continues to impose a large scale of tariffs on goods imported from the PRC to the US, which increases the tension of the trade between the PRC and the US and casts a shadow over the development of the global economy. The Group will closely monitor the impact of the trade war on the Group's business and make adjustments on our business development accordingly.

The Group has been devoting substantial effort to the restructuring of the cables and wires business over the past two years, which involved consolidating plants and acquiring automatic machinery and equipment to enhance efficiency and reduce cost. This has achieved positive results during the year under review. The cables and wires business stabilised with significant improvement in terms of sales and gross profit during the year under review. The Group will pay close attention to the changing market conditions and review consolidation proposals for the cables and wires business with the aim of strengthening its market position and enhancing its profitability in the cables and wires business.

As the PRC continued to implement the deleveraging policy, some corporate customers in the advertising business met capital turnover difficulties. In order to reduce operating costs, corporate customers reduced excessive spending on brand advertisement and significantly reduced their budget on advertisements. Given the fast-changing market, the rise of new media, and the de-intermediation of brands, the room for development for traditional advertisement companies is severely cramped. The Group expects that the aforementioned factors will adversely impact on the prospect of the advertising industry.

On 17 July 2017, the Group completed the acquisition of 80% of the equity interest of Lianjiang Zhou's Marble Limited (廉江市周氏石材有限公司) (the English name for identification purpose only) ("**Zhou's Marble**"). The Group is actively preparing to establish a stone industry processing and trading base on the lands in Lianjiang. Lianjiang is located in the Northern Bay Area. Such development project is one of the key projects in Lianjiang, which is expected to generate new income for the Group and diversify the business of the Group.

The Directors expect that a balanced development will be achieved through diversified development with the existing business to increase shareholders' values. It implements the Group's mindset of progressing in stability to create room for sustainable development of the Group.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2018.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting of the Company (the "**2018 AGM**") will be held on Friday, 7 December 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining eligibility of shareholders of the Company to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Wednesday, 5 December 2018 to Friday, 7 December 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify as shareholders of the Company to attend and vote at the 2018 AGM, all share transfer documents 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 Tuesday, 4 December 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had approximately 500 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas (30 June 2017: 600). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2018, the Group implemented a prudent financial management policy. As at 30 June 2018, the Group had cash and bank balances amounting to approximately HK$87 million (30 June 2017: HK$62 million) and value of net current assets was approximately HK$247 million (30 June 2017: HK$309 million). The Group's gearing ratio as at 30 June 2018 was 0.09 (30 June 2017: 0.08), being a ratio of total borrowings of approximately HK$126 million (30 June 2017: HK$122 million) to shareholders' funds of approximately HK$1,409 million (30 June 2017: HK$1,478 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 2018, the Group had pledged investment properties with an aggregate net book value of approximately HK$168 million (30 June 2017: HK$274 million) and bank deposit of HK$12 million (30 June 2017: Nil) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2018, the Company had issued guarantees to the extent of approximately HK$10 million (30 June 2017: Nil) to a Hong Kong licensed money lender (who is an independent third party of the Company) to secure a loan of approximately HK$10 million (30 June 2017: Nil) granted to its subsidiary.

Save as disclosed above, as at 30 June 2018, the Company had not issued guarantees to banks to secure general banking facilities granted to its subsidiaries (30 June 2017: Nil).

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 2018 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$738,000 (2016/17: net gain of HK$1,506,000).

CAPITAL STRUCTURE

Placing of New Shares under the Refreshed General Mandate granted at the Special General Meeting on 14 July 2016

On 9 November 2016, the Company and Kingston Securities Limited ("**Kingston**"), as the placing agent, entered into a placing agreement pursuant to which the Company conditionally agreed to place through Kingston, on a best efforts basis, up to 391,860,000 new ordinary shares of the Company at nominal value of HK$0.01 each ("**Shares**") to not less than six placees (who are independent professional, institutional or other investors) at the price of HK$0.30 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 on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was HK$0.365 per share on 9 November 2016, which was the date on which the terms of the Placing were fixed. The Placing was completed on 25 November 2016. The 391,860,000 placing shares placed under the Placing were issued under the refreshed general mandate, which was granted to the Directors to allot and issue up to 391,874,468 new Shares, being 20% of the total issued share capital of the Company as at the date of the special general meeting held on 14 July 2016. The gross and net proceeds from the Placing amounted to approximately HK$117.56 million and approximately HK$114.4 million, respectively. The net proceeds raised per placing share were approximately HK$0.292 per Share.

The utilisation of the net proceeds from the Placing as at 30 June 2018 are summarised as follows:

Intended use of net proceeds from the Placing	**Actual use of net proceeds from the Placing as at 30 June 2018**
– Approximately HK$35 million for redemption of the promissory note (which was issued on 16 May 2016);	– Approximately HK$35 million was utilised for redemption the promissory note (which was issued on 16 May 2016);
– Approximately HK$34 million for repayment of bank loans and trust receipt loans; and	– Approximately HK$22 million was utilised for repayment of bank loans and approximately HK$12 million was utilised for repayment of trust receipt loans; and
– Approximately HK$45.4 million for general working capital of the Group.	– Approximately HK$45.4 million was utilised for general working capital of Hong Kong office and the PRC operations of the Group.

The details of the Placing were set out in the announcements of the Company dated 9 November 2016 and 25 November 2016 and were disclosed in the Company's 2017 Annual Report.

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN CHINA GLORY MANAGEMENT LIMITED

On 16 October 2016, the Company announced that on 15 October 2016, Chau's Industrial Investments Limited (a wholly-owned subsidiary of the Company) (the "**Vendor**") entered into a conditional sale and purchase agreement (the "**Sale Agreement**") with Key State Global Limited (the "**Purchaser**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of China Glory Management Limited (the "**Target Company**") at a cash consideration of HK$140,000,000 (the "**Disposal**").

On 24 August 2017, the Company announced that all the conditions of the Disposal had been satisfied or waived by the Purchaser and completion of the Disposal took place on 24 August 2017. Following completion of the Disposal, (i) the Vendor ceased to have any interest in the Target Company, Santai Electronics Company Limited and Dongguan Santai Electronics Company Limited (collectively, the "**Target Group**"); and (ii) all members of the Target Group ceased to be subsidiaries of the Company.

The details and completion of the Disposal were set out in the announcements of the Company dated 16 October 2016 and 24 August 2017 and were disclosed in the Company's 2017 Annual Report and in Note 16 to the consolidated financial statements of this announcement.

ACQUISITION OF 80% OF THE REGISTERED CAPITAL OF LIANJIANG ZHOU'S MARBLE LIMITED

On 2 March 2017, Dongguan Hua Lin Real Estate Investment Development Limited (東莞市華麟房地產投資開發有限公司) (the English name for identification purpose only) ("**Dongguan Hua Lin**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreements (the "**Agreements**") with the shareholders of Zhou's Marble. Pursuant to the Agreements, Dongguan Hua Lin agreed to acquire 80% of the registered capital of Zhou's Marble at a consideration of RMB25,000,000 (approximately HK$28,200,000) (the "**Acquisition**"). Zhou's Marble is principally engaged in the business of processing and trading of marble related products.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition less than 5%, the Acquisition does not a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore not subject to the reporting and announcement requirements under the Listing Rules.

Completion of the Acquisition took place on 17 July 2017. Following the completion of the Acquisition, Zhou's Marble became a direct subsidiary of Dongguan Hua Lin and an indirect non-wholly subsidiary of the Company.

The details and completion of the Acquisition were disclosed in the Company's 2017 Annual Report.

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

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 2018.

COMPLIANCE WITH THE CODE PROVISIONS

During the year under review, the Company complied with the principles in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules, save and except for the deviations from Code provisions A.2.1, A.4.1 and A.4.3 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 ("**Mr. Chau**") 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 the 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 for 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 the Company's annual general meetings 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 the shareholders of the Company.

Mr. Chung Kam Kwong has been 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 Kam Kwong retired from office by rotation at the 2016 annual general meeting of the Company held on 2 December 2016 (the "**2016 AGM**") and offered himself for re-election at the 2016 AGM. An ordinary resolution was passed at the 2016 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 Wai Ming retired from office by rotation at the 2017 annual general meeting of the Company held on 8 December 2017 (the "**2017 AGM**") and offered himself for re-election at the 2017 AGM. An ordinary resolution was passed at the 2017 AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive Director of the Company.

Mr. Lo Chao Ming has been an independent non-executive Director of the Company for more than nine years since 16 November 2006. In accordance with the Bye-laws of the Company, Mr. Lo Chao Ming retired from office by rotation at the 2015 annual general meeting of the Company held on 22 December 2015 (the "**2015 AGM**") and offered himself for re-election at the 2015 AGM. An ordinary resolution was passed at the 2015 AGM to approve the appointment of Mr. Lo Chao Ming as an independent non-executive Director of the Company. Mr. Lo Chao Ming will retire from office by rotation at the 2018 AGM and offer himself for re-election.

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. It has adopted terms of reference which are in line with the Code provisions. The Audit Committee has reviewed the annual results of the Group for the year under review.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration 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. 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 Mr. Chau Lai Him, the executive director and Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive Directors of the Company. 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, the shareholders, staff and management of the Company 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, 27 September 2018

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. Chau Chi Ho and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.