Solartech International Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 1166

2024 Annual Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAU Lai Him *(Chairman and Managing Director)*
CHAU Chi Ho *(Deputy Chairman)*
LIU Dong Yang

Independent Non-Executive Directors

CHUNG Kam Kwong
LO Wai Ming
LO Chao Ming

COMPANY SECRETARY

CHAN Kam Yee

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 16, 12/F, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

STOCK CODE

1166

WEBSITE

www.1166hk.com

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR

Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS (IN ALPHABETICAL ORDER)

Bank of China Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

FINANCIAL RESULTS

The board of directors (the "**Directors**" or "**Board**") of Solartech International Holdings Limited (the "**Company**") announces that for the year ended 30 June 2024 (the "**Financial Year**" or the "**year under review**"), total turnover of the Group was approximately HK$795,700,000, representing an increase of 112.6% as compared to approximately HK$374,316,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$88,516,000, representing a decrease of 49.8% as compared to the loss attributable to owners of the Company of approximately HK$176,246,000 for the corresponding period last year. Loss per share for the year under review was approximately HK$0.75 (Loss per share for 2022/2023: HK$1.48 restated).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$795,700,000, representing an increase of 112.6% as compared to approximately HK$374,316,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$248,137,000, representing an increase of 21.0% as compared to approximately HK$205,120,000 for the same period of last year and accounting for 31.2% of the Group's total turnover. Turnover of the copper rod business was approximately HK$537,061,000, representing an increase of 241.9% as compared to approximately HK$157,084,000 for the same period of last year and accounting for 67.5% of the Group's total turnover. Turnover of the leasing business was approximately HK$10,502,000, representing a decrease of 13.3% as compared to approximately HK$12,112,000 for the same period of last year and accounting for 1.3% of the Group's total turnover.

By geographical market segments, turnover from the business in the Americas increased by 3.0% to approximately HK$30,439,000 from approximately HK$29,548,000 for the same period of last year, accounting for 3.8% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong increased by 144.8% to approximately HK$690,439,000 from approximately HK$282,018,000 for the same period of last year, accounting for 86.8% of the Group's total turnover. Turnover from the business in Europe increased by 24.5% to approximately HK$42,039,000 from approximately HK$33,770,000 for the same period of last year, accounting for 5.3% of the Group's total turnover. Turnover from the business in other regions increased by 13.1% to approximately HK$32,783,000 from approximately HK$28,980,000 for the same period of last year, accounting for 4.1% of the Group's total turnover.

Cables and Wires

The Group's cables and wires business recorded a turnover of approximately HK$248,137,000 for the year under review, representing an increase of 21.0% as compared to approximately HK$205,120,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, the Group's wire and cable business picked up amid a gradual rebound in the demand for home appliances as a result of China's consistent economic stability and the revival of social and economic activities.

CHAIRMAN'S STATEMENT

Copper Rod Business

The Group's copper rod business comprises the 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$537,061,000, representing an increase of 241.9% as compared to approximately HK$157,084,000 for the same period of last year. International copper prices rose steadily during the year under review, with the 3-month London Metal Exchange copper price increasing from approximately US$8,500 per tonne at the beginning of the year under review to approximately US$9,800 per tonne at the end of the year under review. The steady rise in copper prices during the year under review, coupled with the continued improvement in the economy, resulted in a much improved operating environment for the copper rod trading business. In view of the increase in copper prices and the improved operating environment, the Group stepped up its efforts in expanding its copper rod business.

Rental Income

The Group's investment properties mainly comprise industrial properties in the PRC. During the year under review, rental income was approximately HK$10,502,000, representing a decrease of approximately 13.3% as compared with approximately HK$12,112,000 for the same period of last year. The decrease was due to a sluggish leasing market and the effect of changes in Renminbi exchange rate during the year under review.

Mining

The Group's mining right is located in Dundgobi Aimag, Mongolia. No revenue was recorded for the year under review as the mining business has not yet commenced.

On 19 April 2024, the Parliament of Mongolia amended the Minerals Law of Mongolia 2006, marking yet another legislative change in the Mongolian mining industry. The amendments have created certain restrictions and related tax changes on the share ownership of legal entities holding licenses for mineral deposits of strategic importance.

As the Group's mining right is not held strategic importance, the amendment to the Minerals Law of Mongolia 2006 did not have any impact on the Group's mining right.

PROSPECTS

Despite China's economic steadiness, the persistent high interest rates worldwide and the sluggish leasing market have resulted in a highly unpredictable prospect. As such, the Group expects the operating environment to be challenging in the coming year. The Group will make timely changes to its strategies in response to the economic environment, reallocate its resources and seek solutions to increase its cash flows in the hope of minimising some of the uncertainties brought about by the sluggish leasing market and high interest rates.

Looking ahead, the Group will continue to optimise and consolidate its existing operations, actively identify potential business partners and new business opportunities with growth potential to achieve a balanced development with existing business, expand its revenue streams to achieve diversified and sustainable development, and increase shareholder value.

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

Chau Lai Him
Chairman and Managing Director

27 September 2024

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAU Lai Him, aged 73, is the Chairman and Managing Director of the Company and the founder of the Group. Mr. Chau has been appointed as an executive Director since November 1996. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 40 years' experience in the cable and wire industry and extensive experience in the mining industry. Mr. Chau is the father of Mr. Chau Chi Ho, the Deputy Chairman and executive Director.

Mr. CHAU Chi Ho, aged 42, has been appointed as an executive Director since April 2015 and was appointed as the deputy chairman of the Company on 21 June 2019. He is the financial controller of Chau's Electrical Company Limited. He is responsible for accounting and financial management of the subsidiaries of the Group in Hong Kong and Dongguan. He holds a bachelor's degree in business administration from the California State Polytechnic University Pomona, United States and has more than 15 years' experience in finance and accounting. He is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company.

Mr. LIU Dong Yang, aged 50, has been appointed as an executive Director since January 2010. Mr. Liu is responsible for business development and financial management for the Group in the Greater Bay Area in PRC. He holds a college diploma in international finance from Hunan Finance and Economics College and a bachelor's degree in business administration from the distance education college of Renmin University of China. He has more than 25 years' experience in finance and accounting and has more than 20 years' experience in manufacturing management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG KAM Kwong, aged 67, has been appointed as an independent non-executive Director since March 2003. Mr. Chung is a practising Certified Public Accountant in Hong Kong, a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, a member of CPA Australia and a member of the Macau Society of Certified Practising Accountants. He holds a bachelor's degree in economics, majoring in accounting, from the University of Hull, United Kingdom and a post graduate diploma of financial management from the University of New England, Australia. Mr. Chung has extensive experience in accounting and financial management. He is an independent non-executive director of Truly International Holdings Limited (stock code: 732) which is listed on the main board of the Stock Exchange.

Mr. LO Wai Ming, aged 72, has been appointed as an independent non-executive Director since January 2000. Mr. Lo is the president of Greater China Asset Management Limited. He is also the director and general manager of SW China Strategic Holdings Limited. He has more than 40 years' experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance. He holds a bachelor's degree in social sciences (Hons) and a master's degree in business administration from the Chinese University of Hong Kong. He is a fellow of the Chartered Management Institute of the United Kingdom.

Mr. LO Chao Ming, aged 59, has been appointed as an independent non-executive Director since November 2006. He is the general manager of Sunf Pu Technology Co., Ltd., a company incorporated in Taiwan, Republic of China. He has more than 30 years' experience in the cable and wire industry.

COMPANY SECRETARY

Ms. CHAN Kam Yee, Shirley, aged 64, has been appointed as the company secretary of the Company since November 2007. She is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has more than 35 years' experience in finance and accounting and more than 25 years' experience in company secretarial affairs.

SENIOR MANAGEMENT

Ms. LAM Sui Lan, Miranda, aged 55, rejoined the Group in March 2004 and is the assistant to managing director of Chau's Electrical Co., Ltd. She holds a bachelor's degree of arts, major in business administration from the University of Northumbria at Newcastle, the United Kingdom and a higher diploma in business studies from the City University of Hong Kong. She has more than 25 years' experience in sales and marketing in the field of cable and wire products.

Mr. LI Kai Yau, aged 46, joined the Group in July 2019 and is the general manager of Dongguan Qiaozi Chau's Electrical Co., Ltd. ("**Dogguan Qiaozi Chau's**") and Dongguan Hua Yi Brass Products Co., Ltd. ("**Dongguan Hua Yi**"). He is responsible for the overall operations of Dongguan Qiaozi Chau's and Dongguan Hua Yi. He has more than 10 years' experience in manufacturing management.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 30 June 2024 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the cables and wires business, copper rod business, property investment business and mining business. The activities of the Company's principal subsidiaries, associates and joint ventures are set out in notes 19, 20 and 21 to the Financial Statements, respectively. An analysis of the revenue from the principal activities during the year ended 30 June 2024 (the "**Financial Year**" or "**the year under review**") is set out in notes 6 and 7 to the Financial Statements. Further discussion and analysis of the operating activities of the Group during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong), can be found in the sections headed "Chairman's Statement" as set out on pages 3 to 5 of this annual report. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group as at the date of this directors' report.

Risk in Mining Business

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. As there are still many uncertainties in the Mongolian and the international mineral markets, apart from the necessary work to maintain mining rights, no large scale capital investment was made during the year under review. The management will closely monitor the investment and mining business risks in Mongolia and make adjustments to the investment strategies accordingly. With respect to the new requirements for environmental, social and governance ("**ESG**") reporting taking effect from 1 January 2025, the Board needs to assess the potential impact of climate change and ESG issues on the business model and the associated risks.

Foreign Exchange Rate Risk

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.

Market Risk

Market risk is the risk arising from the movement in market prices, such as, foreign exchange rates and interest rates, which reduces profitability or affects ability to meet business objectives. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Interest Rate Risk

For interest-sensitive investments, the Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

CONSTITUTIONAL DOCUMENT

The shareholders of the Company at the special general meeting of the Company held on 31 May 2022 approved the adoption of the amended and restated bye-laws of the Company (the "**Bye-laws**") by way of a special resolution. The full text of the Bye-laws is available on the Company's website and the Stock Exchange's website.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

On 4 March 2024 (the "**Announcement Date**"), the Company announced that the Board proposed to put forward a proposal to the shareholders of the Company to implement the share consolidation, pursuant to which every twenty (20) issued and unissued ordinary shares of par value of HK$0.01 each (the "**Existing Shares**") in the existing share capital of the Company would be consolidated into one (1) ordinary share of par value of HK$0.20 each (the "**Consolidated Shares**" or "**Shares**") in the share capital of the Company (the "**Share Consolidation**").

As at the Announcement Date, the authorised share capital of the Company was HK$500,000,000 divided into 50,000,000,000 shares of par value of HK$0.01 each and there were 2,374,532,340 Existing Shares in issue which were fully paid or credited as fully paid.

Change in Board Lot Size

As at the Announcement Date, the Existing Shares were traded on the Stock Exchange in board lot size of 20,000 Existing Shares and the Board proposed to change the board lot size for trading from 20,000 Existing Shares to 10,000 Consolidated Shares per board lot (the "**Change in Board Lot Size**") upon the Share Consolidation becoming effective.

Implementation of the Share Consolidation and the Change in Board Lot Size

On 11 April 2024, the special general meeting of the Company was held on 11 April 2024 (the "**SGM**") and the ordinary resolution for approval of the Share Consolidation (as described and defined in the notice of the SGM dated 20 March 2024) was duly passed by the shareholders of the Company by way of poll.

As all the conditions of the Share Consolidation have been fulfilled, the Share Consolidation and the Change in Board Lot Size became effective on 15 April 2024.

Upon the Share Consolidation becoming effective on 15 April 2024, (i) the authorised share capital of the Company remained at HK$500,000,000 and is divided into 2,500,000,000 Consolidated Shares of par value of HK$0.20 each; and (2) there were 118,726,617 Consolidated Shares in issue which were fully paid or credited as fully paid. The Consolidated Shares rank pari passu in all respects with each other and the Share Consolidation does not result in any change in the relative rights of the shareholders of the Company.

The details of the Share Consolidation and Change in Board Lot Size were set out in the announcements of the Company dated 4 March 2024 and 11 April 2024, the circular of the Company dated 20 March 2024 (the "**Circular**").

The details of the trading arrangement, the exchange of share certificates and matching arrangement for odd lots of the Consolidated Shares in connection with the Share Consolidation and the Change in Board Lot Size were set out in the Circular.

DISPOSAL OF 17% OF THE ISSUED SHARE CAPITAL OF OCEAN PRIDE VENTURES LIMITED (THE "TARGET COMPANY" OR "OCEAN PRIDE")

On 30 April 2024, Kadesh Resources Limited (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, and an independent purchaser (the "**Purchaser**") entered into a sales and purchase agreement (the "**Agreement**"), pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire the 17% of the issued share capital of the Target Company (the "**Disposal**") at the consideration of RMB1,500,000 (equivalent to approximately HK$1,620,000) in cash.

The Purchaser is a third party independent of and not connected with the Group and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

The Ocean Pride Group consists of the Target Company which holds Vietta Investment Holdings Limited (a company incorporated in Hong Kong with limited liability) and 3 PRC operating companies, The two PRC operating companies are principally engaged in research, development, processing and sales of home furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC.

The Disposal was completed in May 2024 and the Vendor ceased to have any interest in the Target Company and the Target Company ceased to be an associate company of the Group.

The Board considered that the Disposal and the transaction contemplated under the Agreement are on normal commercial terms and the terms of the Agreement, which were determined after arm's length negotiations between the parties, are fair and reasonable. The Directors considered that Disposal is in the interests of the Company and its shareholders as a whole.

The details of the Disposal were set out in note 20 to the consolidated financial statement of this report.

CAPITAL STRUCTURE

The Company did not make any fund raisings or any capital reorganisation during the year under review and the Group does not have any other fund raising plans as at the date of this directors' report.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year under review and the Group does not have any other plans for material investments or capital assets or disposals as at the date of this directors' report.

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 2024.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Group as well as preserving the interests of its shareholders as a whole. The Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in the Corporate Governance Code under Appendix C1 to the Listing Rules, save and except for the deviations from Code provisions B.2.3, B.2.4(b), C.2.1 and F.2.2, and has prepared the corporate governance report. The Board will continue to review and monitor the practices of the Group with an aim to maintaining the highest standard of corporate governance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group. Such initiatives include recycling of used papers and energy saving.

The Company has prepared its Environmental, Social and Governance Report ("**ESG Report**") for the year ended 30 June 2024 in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") as set out in Appendix C2 to the Listing Rules.

The ESG Report of the Company for the year ended 30 June 2024 is set out on pages 42 to 71 of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are its valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationships with business partners and bank enterprises to achieve its long-term goals. Accordingly, senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners or bank enterprises.

RESULTS

The results of the Group for the year ended 30 June 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 78 and 79 of this annual report.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 162 of this annual report.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of additions and other movements during the year ended 30 June 2024 in the property, plant and equipment of the Group are set out in note 15 to the Financial Statements.

SHARE CAPITAL

During the year ended 30 June 2024, no new ordinary shares of par value of HK$0.01 each in the share capital of the Company were issued before the Share Consolidation became effective on 15 April 2024 and no new ordinary shares of par value of HK$0.20 each in the share capital of the Company were issued in the period from 15 April 2024 to 30 June 2024.

During the year ended 30 June 2024, no share options were exercised.

Details of changes in the share capital of the Company during the year ended 30 June 2024 are set out in note 33 to the Financial Statements.

RESERVES

The Company's distributable reserve as at 30 June 2024 was Nil (30 June 2023: Nil). Details of movements in the reserves of the Group during the year ended 30 June 2024 are set out in the consolidated statement of changes in equity on pages 82 and 83 of this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 30 June 2024, the amount of related party transactions was nil as disclosed in note 39 to the Financial Statements. There was no connected transaction of the Company and the Group during the year ended 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2024, the Group implemented a prudent financial management policy. As at 30 June 2024, the Group had cash and bank balances amounting to approximately HK$103 million (30 June 2023: HK$86 million) and the value of net current liabilities was approximately HK$46 million (net current assets 30 June 2023: HK$9 million). The Group's gearing ratio as at 30 June 2024 was 0.33 (30 June 2023: 0.29), being a ratio of total borrowings of approximately HK$262 million (30 June 2023: HK$261 million) to shareholders' funds of approximately HK$800 million (30 June 2023: HK$889 million).

During the year under review, the Group funded its operations principally with cash generated from its operations and bank borrowings.

The Group continues to derive its working capital from net cash generated from operating activities, additional bank borrowings, capital exercises and/or sale of non-core assets. The Group continues to manage its financial position carefully and maintains conservative policies in financial management. The Board closely reviews and monitors the Group's liquidity position to ensure that the Group can meet its funding requirement from time to time.

CHARGES ON GROUP ASSETS

As at 30 June 2024, the Group had pledged investment properties and property, plant and equipment with an aggregate net book value of approximately HK$558 million (30 June 2023: HK$631 million) to secure general banking facilities granted to the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 30 June 2024 are set out in note 30 to the Financial Statements.

CONTINGENT LIABILITIES

As at 30 June 2024 and 30 June 2023, the Company did not issue guarantees to secure any loan granted to 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 2024 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$148,000 (2022/2023: net gain of HK$62,000).

LOAN RECEIVABLES

The Group's loan receivables were lent through its wholly-owned subsidiary, Dogguan Qiaozi Chau's, by utilising its idle cash to grant loans to have a stable other income and cashflow stream from the interest income. The Group did not set specific target for corporate customer of any industry or operation history. The source of customers of the Company were mainly through the business networks of the senior management of the Company. The source of funds for the loans are generally funded by the internal resources of the Group. The Directors are of the view that the terms of and the entering into the loan agreements were of normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details of the major terms of loan granted as at 30 June 2024 and 2023 are set out in note 23 to the Financial Statements.

Credit risk assessment policy

Before entering into the loan agreement, the Directors have performed detail analysis and considered factors including but not limited to the credit risk assessment results of the borrower and the guarantor, the background and the repayment ability of the borrower and the guarantor, the value of the security, the purpose and period of the loan, the debt portfolio of the borrower, the expected interest income amount and repayment plan. The works performed by the Directors include:

1. discussed with the borrower about its business, operation, financial status and the purpose for the loan;

2. obtained and reviewed current business contracts and business plan of the borrower which indicate that the borrower is in operation and sufficient cash is expected to be generated to the borrower;

3. conducted background and corporate check of the borrower and the guarantor which did not reveal any past default by the borrower and the guarantor;

4. conducted public searches on the secured security, which indicated that no other charge is created thereon;

5. obtained and reviewed the financial information of the borrower and the guarantor, which did not reveal the borrower and the guarantor had any extraordinary liabilities; and

6. obtained and determined the suitable interest rate to reflect the risk level of the loan.

The Directors conduct periodic and ongoing credit risk assessments on the recoverability of the loans granted before renewing the loan agreements based on the creditworthiness of the borrowers, including but not limited to the following's procedures:

1. monitored closely on the loan principal and interest repayment status during the tenure of the loans to ensure the repayments are timely and punctual, and see if any follow-up action should be taken to avoid potential exposure to credit risks;

2. obtained and reviewed the financial information and secured security of the borrower and guarantor to access the recoverability of the loans;

3. communicated with the borrower and enquired about additional information including but not limited to the reason for extension;

4. conducted search and discussed with borrower on their business to ensure there is no significant change which may affect their recoverability of the loans; and

5. reviewed the term of the loan and interest rate with reference to bank and market rate to ensure the interest income is in the interest of the Company and shareholder as a whole.

Ongoing monitoring of loan recoverability and loan collection

To safeguard the recoverability, the Directors closely monitor the repayment records and loan portfolio on an on-going basis and conduct recoverability review. The Group would perform the review procedure as including but not limited to, (i) obtaining and reviewing the repayment records of every loan and interests repayment to ensure every repayment is repaid on schedule and at the appropriate amount; (ii) communicating actively with the customers for past due repayment; and (iii) conducting legal action when considered necessary in order to reduce any possible credit losses.

Details of the impairment assessment on the loan receivables as at 30 June 2024 and 2023 are out in note 5(a) to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year under review and up to the date of this directors' report were:

Executive Directors:

Mr. Chau Lai Him *(Chairman and Managing Director)*
Mr. Chau Chi Ho *(Deputy Chairman)*
Mr. Liu Dong Yang

Independent non-executive Directors:

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

Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming will retire by rotation from office as Directors at the forthcoming annual general meeting and Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming, all being eligible, will offer themselves for re-election pursuant to Bye-law 84 of the Bye-laws of the Company.

Independent non-executive Directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the Bye-Laws of the Company.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Profiles of Directors and senior management of the Group are set out on pages 6 to 7 to this annual report.

LITIGATION INVOLVING DIRECTORS OF THE COMPANY

As disclosed in the Company's announcement dated 5 June 2020, legal action has been taken by CS Asia Opportunities Master Fund to join, among other things, Mr. Chau Lai Him, an executive director and the chairman of the Board of the Company, and Mr. Chau Chi Ho, an executive director, the deputy chairman of the Board and the son of Mr. Chau Lai Him, as the 2nd defendant and the 3rd defendant respectively to the legal proceedings in High Court of Hong Kong against a Mr. Zhou ("**Mr. Zhou**") in relation to a purported oral guarantee given by Mr. Chau Lai Him and/or Mr. Chau Chi Ho for the amounts owing by Mr. Zhou who was allegedly to be in breach of, among others, an equity swap transaction confirmation dated 31 May 2018 and entered into between CS Asia Opportunities Master Fund and Mr. Zhou (the "**Action**"). Mr. Chau Lai Him and/or Mr. Chau Chi Ho have already engaged legal advisers to handle and defend the Action.

On 28 August 2024, the Company announced that the Action against Mr. Chau Lai Him and Mr. Chau Chi Ho has been dismissed by the High Court of Hong Kong.

LITIGATION INVOLVING AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

As disclosed in the announcements of the Company dated 29 September 2023 and 28 February 2024, the construction works of the land development project of 廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Company Limited*) ("**Zhou's Marble**"), an indirect non-wholly owned subsidiary of the Company, have been suspended since 2020 in light of the unfavorable trading conditions of the building stones industry and COVID-19-related issues. The constructor of the captioned project (the "**Plaintiff**") filed a claim against Zhou's Marble in the PRC for the settlement of the construction costs and Zhou's Marble was ordered to pay the Plaintiff approximately RMB21,000,000 pursuant to the first instance decision in early July 2023. Zhou's Marble filed an appeal against the decision in late July 2023. The Intermediate People's Court of Zhanjiang City, Guangdong Province ruled in mid-March 2024 that the first instance decision was based on unclear findings of basic facts and that the case should be remanded to the People's Court of Lianjiang City, Guangdong Province for retrial. On 5 July 2024, the first hearing of the retrial was held at the People's Court of Lianjiang City, Guangdong Province. As at the date of this report, no judgement has been handed down.

The Group has been in the course of seeking legal advice and has closely monitored the status of the aforesaid proceedings. Further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any significant development as and when appropriate.

SHARE OPTIONS

The Company adopted the currently effective share option Scheme (the "**Share Option Scheme**") in accordance with Chapter 17 of the Listing Rules, pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2022. Details of the principal terms of the Share Option Scheme were set out in the circular of the Company dated 10 November 2022.

The Stock Exchange has granted the approval for the listing of, and permission to deal in, the shares falling to be allotted and issued by the Company pursuant to the exercise of the options under the Share Option Scheme.

A summary of the Share Option Scheme is set out as follows:

Purpose of the Share Option Scheme	The purpose of the Share Option Scheme is to provide incentives and/or rewards to Eligible Participants (as defined below) to enable the Company to grant options to Eligible Participants as incentives or rewards for their contributions and continuing efforts to promote the interests of the Group and to enable the Group to recruit and retain high calibre employees.
Eligible Participant(s)	Eligible participants of the Share Option Scheme ("**Eligible Participants**") include Employee Participants (as defined below) or Service Providers (as defined below) that the Board considers, in their sole discretion, to have contributed or will contribute to the Group. The Board shall determine the basis of eligibility of each of the Eligible Participants by taking into account such factors as the Board may at its discretion consider appropriate and will assess the eligibility of each of the Eligible Participants on a case-by-case basis.

* *For identifications only*

Employee Participants

Employee Participants include any Director and employee of the Company or any of its subsidiaries (including person(s) who is/are granted shares or options under the Share Option Scheme as an inducement to enter into employment contracts with the Company or its subsidiary).

Service Providers

Service Providers include any person who provides services to the Company or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely:

(a) a supplier of goods or services to any member of the Group;

(b) an advisor, consultant, business or joint venture partner, contractor, agent or representative of any member of the Group; and

(c) a person or entity that engages in design and/or research and development work to any member of the Group;

but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries; and (ii) professional service providers such as the Auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

Total number of share options available for future grants under the Share Option Scheme	As at 1 July 2023, the total number of share options available for future grants was 237,453,234 Shares. Following the Share Consolidation with effect from 15 April 2024 and the grants of options made to the Directors and employees of the Group on 27 May 2024, as at 30 June 2024, the total number of share options available for future grants under the existing scheme mandate limit was 2,661 Shares, representing 0.002% of the number of the Shares in issue as at the date of this directors' report. *Service Provider Sublimit* As at 1 July 2023, the total number of share options available for future grants was 3,561,798 Shares. Following the Share Consolidation with effect from 15 April 2024 and grants of options made to the Directors and employees of the Group on 27 May 2024, as at 30 June 2024, the total number of share options available for future grants under the existing service provider sublimit was 2,661 Shares, representing 0.002% of the number of the Shares in issue as at the date of this directors' report. The number of shares that may be issued in respect of options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of ordinary shares in issue for the Reporting Period is approximately 9.998%.
Maximum entitlement of each Participant	No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 0.1% (for grants to a substantial shareholder, an independent non-executive Director or any of their respective associates) or 1% (for all other Eligible Participants) of the Company's issued share capital from time to time.
Exercise period and vesting period	The exercise period of each option is to be determined and notified by the Board to each grantee and in any event shall commence on any day after 12 months of the commencement date, subject to any shorter vesting period approved by the Board and/or the remuneration committee of the Company in accordance with the Share Option Scheme and shall end not later than the 10th anniversary of the relevant commencement date, subject to the provisions for early termination contained in the Share Option Scheme.
The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made	HK$1.00 is to be paid by each grantee as consideration for each acceptance of grant of option(s) within 28 days from the date of offer.

Basis of determining the exercise price	The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine but the subscription price shall be at least the highest of: (a) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares of the Company.
Remaining life of the Share Option Scheme	The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it was adopted (i.e. 5 December 2022).

On 27 May 2024 ("**Date of Grant**"), the Company resolved to grant share options to subscribe for a total of 11,870,000 ordinary shares of HK$0.20 each in the share capital of the Company to 6 Directors and certain employee participants (collectively, the "**Grantees**"), subject to acceptances by the Grantees, under the Share Option Scheme.

The details of the options granted on 27 May 2024 were set out in the announcement of the Company dated 27 May 2024.

Details of the share options granted, exercised, cancelled and lapsed during the year under review under the Share Option Scheme are set out below:

Name or category of participants	Date of Grant	Exercisable period	Exercise price HK$ Note (1)	Number of Share Options Outstanding at 1 July 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 30 June 2024
Share Options Granted on 27 May 2024									
Directors									
Chau Lai Him	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	1,180,000	–	–	–	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	1,180,000	–	–	–	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	1,180,000	–	–	–	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	110,000	–	–	–	110,000
Lo Wai Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	110,000	–	–	–	110,000
Lo Chao Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	110,000	–	–	–	110,000
Employees	27 May 2024	27 May 2025 to 26 May 2027	0.44	–	8,000,000	–	–	–	8,000,000
				–	11,870,000	–	–	–	11,870,000

Note (1): (i) The closing price per share as stated in the Stock Exchange's daily quotation sheet on 27 May 2024 was HK$0.44; (ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding 27 May 2024 was HK$0.428; and (iii) the closing price per share as stated in the Stock Exchange's daily quotation sheet on 24 May 2024 (the trading day immediately preceding the date of grant, i.e. 27 May 2024) was HK$0.44. The vesting period is the period from 27 May 2024 to 26 May 2025, so all the above share options have not vested as at the date of this director's report. There is no performance target attached to the above share options.

As at 30 June 2024, there were a total of 11,870,000 outstanding share options entitling the Grantees thereof to subscribe for a total of 11,870,000 Shares, representing approximately 9.998% of the number of 118,726,617 Shares in issue of the Company.

During the year under review, no share options lapsed and no share options were exercised or cancelled.

The accounting standard and policy to estimate the fair value of the awards of the share options is set out in note 34 to the Financial Statements.

The Company has not adopted any other share scheme subject to Chapter 17 of the Listing Rules during the year ended 30 June 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, the interest of the Directors and their associates in the Shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") are, as follows:

Name of Director	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position (Note 2)	Total percentage of the issued share capital of the Company
Chau Lai Him	Beneficial owner	0	1,180,000	0.994%
Chau Chi Ho	Beneficial owner	1,980,000	1,180,000	2.662%
Liu Dong Yang	Beneficial owner	0	1,180,000	0.994%
Chung Kam Kwong	Beneficial owner	0	110,000	0.093%
Lo Wai Ming	Beneficial owner	20,000	110,000	0.109%
Lo Chao Ming	Beneficial owner	15,000	110,000	0.105%

Note (2): Long position in the underlying shares of the Company under the share options granted on 27 May 2024 pursuant to the Share Option Scheme.

Other than as disclosed above, as at 30 June 2024, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the SFO), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and Chief Executive of the Company, as at 30 June 2024, there were no persons (other than the Directors or the Chief Executive of the Company) who had a notifiable interest or short position in the shares or underlying shares of the Company recorded in the register kept by the Company pursuant to section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" regarding share options of this directors' report, at no time during the year ended 30 June 2024 were rights to acquire benefits by means of acquisition of shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 30 June 2024, none of the Directors of the Company had any interest in a business which competes, either directly or indirectly, with the business of the Company or the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year ended 30 June 2024 or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2024.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors have confirmed that they are independent.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2024, the five largest customers of the Group together accounted for approximately 32.5% of the Group's total turnover and the five largest suppliers of the Group together accounted for approximately 60.9% of the Group's total purchases, with the largest customer accounted for approximately 9.4% of the Group's total turnover and the largest supplier accounted for approximately 22.1% of the Group's total purchases during the year.

At no time during the year ended 30 June 2024 did any of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or five largest suppliers.

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company and subject to relevant provisions therein, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur in or sustain by the execution of his duty as a director of the Company or otherwise in relation thereto. The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review.

EMOLUMENT POLICY

As at 30 June 2024, the Group had approximately 350 employees in Hong Kong, PRC and overseas (30 June 2023: 400). 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.

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results and individual performance.

The Company has adopted the Share Option Scheme to provide incentive to Eligible Participants, including Directors of the Company and eligible employees of the Group, for their contribution and continuing efforts to the Group.

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund Scheme of the Group (the "**MPF Scheme**"). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, the Group and each employee of the Group in Hong Kong are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The Group's contributions under the above-mentioned defined contribution retirement plan are expenses as incurred. Moreover, all the employees of the Group's entities incorporated in the PRC participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments.

During the years ended 30 June 2024 and 30 June 2023, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

Particulars of the Group's retirement benefits schemes are set out in note 38 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this directors' report, the Directors are satisfied that the Company has maintained the minimum public float prescribed under the Listing Rules.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting of the Company (the "**2024 AGM**") will be held on Friday, 6 December 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 3 December 2024 to Friday, 6 2024, 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 2024 AGM, investors are required to lodge all properly completed share transfer documents accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 2 December 2024.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event occurring after the Reporting Period of the Financial Statements.

AUDITOR

The consolidated financial statements of the Company for the Financial Year have been audited by Messrs. BDO Limited, who will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the 2024 AGM to re-appoint Messrs. BDO Limited as the auditor of the Company.

On behalf of the Board

Chau Lai Him
Chairman

27 September 2024

CORPORATE STRATEGY

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in the Corporate Governance Code under Appendix C1 to the Listing Rules (the "**Code**"), save and except for the deviations from Code provisions B.2.3, B.2.4(b), C.2.1 and F.2.2 which are explained below.

Since the year 2013, the Group has adopted the following principal statement as the mission of the Group (the "**Mission**"):

- **To provide innovative, quality products with prompt delivery to customers at the most competitive prices (為客戶提供創新的優質產品，不但交貨快捷，而且價格公道)**

The Group has established its vision and culture to be the market leader and customers' most preferred supplier in the global wire and cable industry. The Group believes in developing a coherent and harmonised with our stakeholders and strive to provide a life-long learning environment for staff to grow and excel.

The Group endeavors to add value to the society and the environment through responsible and self-conscious actions in its business. The major value of the Group includes:

- Customer First attitude drives the Group to success
- Human Capital develops to its maximum potential
- Advance technology and methods to be employed in R&D
- Uniformity in process and document control
- Superior Quality in products and customer services

CORPORATE GOVERNANCE PRINCIPLES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a high-quality Board, sound internal controls, and transparency and accountability to all shareholders.

Compliance with the Code Provisions

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices set out in Appendix C1 of the Listing Rules, save and except for the deviations from Code provisions B.2.3, B.2.4(b), C.2.1 and F.2.2 of the Code which are explained below.

Code provision B.2.3

Under Code provision B.2.3, if an independent non-executive director serves more than nine years on board of directors, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company.

All independent non-executive Directors of the Company have served more than nine years on the Board.

Mr. Chung Kam Kwong ("**Mr. Chung**") 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 retired from office by rotation at the 2023 annual general meeting of the Company held on 8 December 2023 (the "**2023 AGM**") and was re-elected by an ordinary resolution of the shareholders of the Company at the 2023 AGM. Mr. Chung has been serving as the chairman of the Audit Committee of the Company for more than 20 years and possesses professional qualification in accounting and financial management. Coupled with his in-depth understanding of the Company's operations and business, Mr. Chung has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Chung would not affect his exercise of independent judgement and are satisfied that Mr. Chung has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Chung to be independent. An ordinary resolution was passed at the 2023 AGM to approve the re-appointment of Mr. Chung 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 2023 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2023 AGM. Mr. Lo Wai Ming has more than 40 years' experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance and an in-depth understanding of the Company's operations and business. Mr. Lo Wai Ming has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo Wai Ming would not affect his exercise of independent judgement and are satisfied that Mr. Lo Wai Ming has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Lo Wai Ming to be independent. An ordinary resolution was passed at the 2023 AGM to approve the re-appointment of Mr. Lo Wai Ming as an independent non-executive Director of the Company.

Mr. Lo Chao Ming ("**Mr. Lo**") 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 retired from office by rotation at the 2022 annual general meeting of the Company held on 5 December 2022 (the "**2022 AGM**") and was re-elected by an ordinary resolution of the shareholders of the Company at the 2022 AGM. Mr. Lo has extensive knowledge and experience in the cable and wire industry, and an in-depth understanding of the Company's operations and business. Mr. Lo has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo would not affect his exercise of independent judgement and are satisfied that Mr. Lo has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director and consider Mr. Lo to be independent. Mr. Lo has offered himself for re-election at the 2024 AGM, at which an ordinary resolution to approve the re-appointment of Mr. Lo as an independent non-executive Director of the Company will be proposed.

Code provision B.2.4(b)

Under Code provision B.2.4(b), where all independent non-executive directors of an issuer have service more than nine years on the board of directors, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting starting from the financial year commencing on or after 1 January 2023.

The Company and the nomination committee of the Company (the "**Nomination Committee**") have given due regard to the importance of compliance with the aforesaid provision and have undertaken the recruitment process over the past year and engaged with several candidates through internal and external network (for example, personal contacts of current Board members, or by referral of the Company's business partners). However, the macroeconomic conditions result in volatility in global economy and uncertainties in the securities market, which posed difficulties for the Company in securing an appointment of a suitable candidate. The Company and the Nomination Committee are still in the process of identifying a new independent non-executive director taking into account the candidate's experience and the factors prescribed under Rule 3.13 of the Listing Rules. Further announcement(s) will be made in this regard as and when appropriate. The Company currently expects to appoint a new independent non-executive director and re-comply with Code Provision B.2.4(b) in the first half of 2025.

Despite the Company's deviation from Code Provision B.2.4(b), the Company is of the view that the current independent non-executive Directors, which comprises half of the Board members exceeding the one-third requirement under Rule 3.10A of the Listing Rules, may facilitate the maintenance of balanced and effective corporate governance. Retaining the existing board composition is conducive to the continuity and stability to the Board and the Company. The existing independent non-executive Directors are from diverse background, including accounting, corporate finance and cable and wire business. They possess the necessary skills, industry knowledge and experience which allow them to provide objective, extensive and valuable insight and expertise to the Board. In particular, the Board considered that they have satisfied the criteria of independence under Rule 3.13 of the Listing Rules and have confirmed to the Company in such regard, including without limitation:

- Each of them does not hold more than 1% of the number of issued shares of the Company;
- The fact that they were granted Share Options pursuant to the Share Option Scheme established in accordance with Chapter 17 of the Listing Rules does not affect their independence under Rule 3.13(2) of the Listing Rules;
- Each of them is not a director, partner or principal of a professional adviser which currently provides or has within two immediately preceding years provided services to the Company, and is not an employee of such professional adviser; and
- Each of them is not connected with a Director, the chief executive or a substantial shareholder of the Company.

Code provision C.2.1

Under Code provision C.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 F.2.2

Under Code provision F.2.2, the chairman of the Board should attend the annual general meeting of the Company.

During the year under review, Mr. Chau Lai Him, the Chairman of the Board and the Managing Director of the Company, attended the 2023 AGM by electronic facilities and Mr. Chau Chi Ho, the deputy Chairman of the Board and an executive Director of the Company, presided over the 2023 AGM.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility of managing the Company's business and affairs. The ultimate responsibility for the day-to-day management of the Company, which is delegated to the Chairman/Managing Director and the management.

The Board currently comprises a total of six Directors, with three executive Directors, Messrs. Chau Lai Him (Chairman and Managing Director), Chau Chi Ho (Deputy Chairman) and Liu Dong Yang and three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. Mr. Chau Chi Ho is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship among members of the Board. More details of the biography of each of the Directors are disclosed on page 6 of this annual report. The Board has published and maintained an updated list of the Directors identifying their role and function on the Company's website (www.1166hk.com) and the Stock Exchange's website (www.hkexnews.hk). The Board met regularly throughout the year ended 30 June 2024. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the company secretary of the Company (the "**Company Secretary**") to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or Director, the approval of the interim and final results, adequate resources for finance department to perform its role in financial reporting, other disclosures to the public or regulators and the internal control systems are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Managing Director.

The roles of the Chairman and the Managing Director are not separate and the explanation in connection with such deviation from Code provision C.2.1 is set out in the section headed "Compliance with the Code Provisions" of this report. The Chairman is responsible for providing leadership to the Board, effective running of the Board, ensuring all appropriate issues are discussed by the Board in a timely manner and formulating business strategies. The Chairman has ensured that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information.

During the year ended 30 June 2024, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board; one of the independent non-executive Directors is required to possess appropriate professional qualifications or accounting or related financial management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Each of Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming served as an independent non-executive Director for more than nine years and explanation in connection with such deviation from Code provision B.2.3 is set out in the section headed "Compliance with the Code Provisions" of this report. The Company currently expects to appoint a new independent non-executive director and re-comply with Code Provision B.2.4(b) in the first half of 2025.

Continuous Professional Development

Under Code provision C.1.4, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the year ended 30 June 2024, all Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. Directors are requested to provide their records of training they received to the Company Secretary for record.

	Attended Seminars or Briefing/Read Materials
Executive Directors	
Chau Lai Him	√
Chau Chi Ho	√
Liu Dong Yang	√
Independent non-executive Directors	
Chung Kam Kwong	√
Lo Wai Ming	√
Lo Chao Ming	√

Directors' and Officers' Liabilities Insurance

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Group.

BOARD OPERATION

During the year ended 30 June 2024, the Board held 7 Board meetings, and the Company held one special general meeting on 11 April 2024 (the "**SGM**") in addition to the 2023 AGM. The attendance records of each member of the Board at Board meetings and the attendance records of the respective members of the Board at the audit committee meetings, nomination committee meetings, remuneration committee meetings, whistleblowing committee meetings and the general meetings are set out below:

	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Whistleblowing committee meetings	Board meetings	2023 AGM	SGM
Executive Directors							
Chau Lai Him	–	1	–	–	7	1	–
Chau Chi Ho	–	–	–	–	7	1	1
Liu Dong Yang	–	–	–	–	7	–	–
Independent non-executive Directors							
Chung Kam Kwong	4	1	2	1	6	1	1
Lo Wai Ming	4	1	2	1	6	1	1
Lo Chao Ming	4	1	2	1	6	1	–

In place of physical meetings, the Board and Board committees also circulate written resolutions for approval by the relevant members of the Board and Board committees except for matters where a substantial shareholder or a Director has a conflict of interest which the Board has determined to be material in compliance with Code Provision C.5.7.

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

Board Independence Evaluation Mechanism

Under Code provision B.1.4 of the Code, the Board has adopted the board independence evaluation mechanism (the "**Mechanism**") which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment to better safeguard shareholders' interests.

The Mechanism took effect on 8 April 2022 and its full text is available on the Company's website and the Stock Exchange's website.

Audit Committee

At least one of the members of the audit committee of the Company (the "**Audit Committee**") has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company. The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the Code.

The Audit Committee of the Company currently comprises three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming, and the chairman of the Audit Committee is Mr. Chung Kam Kwong. The primary duties of the Audit Committee include the reviewing of the Group's financial reporting system and financial reporting integrity, the nature and scope of audit review as well as the effectiveness of the system of internal control and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the external auditor, and the reviewing and monitoring of the independence and objectivity of the external auditor. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. A copy of the terms of reference of the Audit Committee is available on the Company's website and the Stock Exchange's website. The Audit Committee shall meet at least twice a year.

During the year ended 30 June 2024, the Audit Committee held 4 meetings and all committee members were present at the meetings. The Audit Committee has reviewed with the management and the external auditor, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including the review of the Company's interim and annual financial statements before submission to the Board. The Group's financial statements for the year ended 30 June 2024 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 30 June 2024.

Nomination Committee

The Nomination Committee currently comprises one executive Director, Mr. Chau Lai Him, and three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. The chairman of the Nomination Committee is Mr. Chau Lai Him. The role and function of the Nomination Committee is to review the structure, size and composition of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with due regard to the board diversity policy, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman/Managing Director and monitor the implementation of the board diversity policy and review such policy, as appropriate, to ensure its effectiveness. The Nomination Committee has established a specific written committee charter which deals clearly with its authority and duties. A copy of the terms of reference of the Nomination Committee is available on the Company's website and the Stock Exchange's website. The Nomination Committee shall meet at least once a year.

The Board has adopted the director nomination policy in compliance with the mandatory disclosure requirement E.(d)(iii) of the Code pursuant to which the Company should disclose its policy for nomination of directors in the summary of work performed by the Nomination Committee in its corporate governance report.

The nomination process is summarised, as follows:

(a) Appointment of new Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(b) Re-election of Director at general meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During the year ended 30 June 2024, the Nomination Committee held one meeting and all committee members were present at the meeting. The Nomination Committee has determined the policy for the nomination of Directors, the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management.

Pursuant to the Bye-laws of the Company, all Director are appointed by the Board, whether to fill a casual vacancy or as an addition to the Board, shall hold office until the next annual general meeting at which time they must retire and be subject to re-election. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Bye-laws of the Company. The Bye-laws of the Company also allow for removal of a Director by an ordinary resolution.

The Board recommended the re-appointment of the Directors standing for re-election at the 2024 AGM. The Company's circular to be despatched to its shareholders will contain detailed information of the Directors standing for re-election.

Remuneration Committee

The remuneration committee of the Company (the "**Remuneration Committee**") currently comprises three independent non-executive Directors, Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming and the chairman of the Remuneration Committee is Mr. Chung Kam Kwong. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and the making of recommendations to the Board in connection with the remuneration of the non-executive Directors. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. A copy of the terms of reference of the Remuneration Committee is available on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once a year.

During the year ended 30 June 2024, the Remuneration Committee held two meetings and all committee members were present at the meetings. The Remuneration Committee has reviewed the remuneration packages of all executive Directors and senior management, assessed performance of executive Directors and senior management, made recommendations to the Board in connection with the remuneration of the non-executive Directors and considered matters in relation to the grant of 11,870,000 share options under the share option scheme (the "**Share Option Scheme**") on 27 May 2024. Among the 11,870,000 share options, 3,870,000 share options were granted to six Directors and 8,000,000 share options were granted to certain employees of the Group. The details of the grant of share options are set out on page 20 of this annual report. The Remuneration Committee noted that the purpose of the Share Option Scheme was to provide incentives and/or rewards to Eligible Participants (as defined in the circular of the Company dated 10 November 2022) and to enable the Company to grant share options to Eligible Participants as incentives or rewards for their contributions and continuing efforts to promote the interests of the Group – the share options were granted to the aforesaid grantees for this reason. Based on this, the Remuneration Committee considered that performance targets and clawback mechanisms were not necessary, and that the grant of the share options to the grantees on this basis aligned with the purpose of the Share Option Scheme.

Details of the emoluments of the Directors are set out in note 9 to the Financial Statements.

Whistleblowing Committee

The whistleblowing committee of the Company (the "**Whistleblowing Committee**") comprises the head of internal audit and three independent non-executive Directors, namely Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming. The chairman of the Whistleblowing Committee is the head of internal audit. The terms of reference for the Whistleblowing Committee set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group. A copy of the terms of reference of the Whistleblowing Committee is available on the Company's website and the Stock Exchange's website. The Whistleblowing Committee shall meet at least once a year.

Pursuant to Code Provision D.2.6 of the Code, the Board has adopted the whistleblowing policy (the "**Whistleblowing Policy**") which enables the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Whistleblowing Committee, about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

The Whistleblowing Policy has become effective since 8 April 2022 and its full text is available on the Company's website and the Stock Exchange's website.

During the year ended 30 June 2024, the Whistleblowing Committee held one meeting with all committee members present at the meeting and reviewed the Whistleblowing Policy. The Whistleblowing Policy continues to be adopted in the forthcoming financial year. The Whistleblowing Committee will continue to review the Whistleblowing Policy to improve its effectiveness and employee confidence in the process and to encourage a "speak up" culture across the Group.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

(a) developing, reviewing and implementing the Company's policy and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(e) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(f) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 30 June 2024, the corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.

COMPANY SECRETARY

The Company Secretary, Ms. Chan Kam Yee, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Managing Director, plays an essential role in the relationship between the Company and its shareholders, assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules and has great role to play and ensure the eco-system relating to financial reporting works.

During the year ended 30 June 2024, Ms. Chan attended relevant professional seminars to update her skills and knowledge and complied with the Listing Rules to take no less than 15 hours of relevant professional training.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regarding Directors' securities transactions. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has complied with the required standards set out in the Model Code throughout the year under review.

Share Interests of Senior Management

During the year ended 30 June 2024, 8,000,000 share options were granted to certain employee participants under the Share Option Scheme and the details of such grants are set out on page 20 of this annual report. Among the 8,000,000 share options granted, 1,850,000 share options were granted to certain members of the senior management of the Company and no options were lapsed, exercised and cancelled during the year ended 30 June 2024.

Save for the above share options granted, as at 30 June 2024, none of senior management of the Company (whose biographical details are disclosed on page 7 of this annual report) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board ensures the maintenance of sound and effective risk management and internal controls to safeguard the shareholders' investment and the assets of the Company. It has been an important duty of the Directors to conduct a review of the effectiveness of the risk management and internal control systems of the Group annually or at any time when necessary. The review covers all material controls, including financial, operational and compliance controls, handling and dissemination of inside information and risk management functions, and takes into account the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group. The Board determines the nature and the extent of risks for achieving the Group's strategic objectives and has the overall responsibilities for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Company also has an internal audit function to assist the Audit Committee and the senior management to carry out analysis and independent appraisal of the adequacy and effectiveness of the systems periodically. It should be acknowledged that the Group's risk management and internal control systems are designed to manage rather than to eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material loss or misstatement.

During the year ended 30 June 2024, the Company engaged an external independent consultant to conduct a review on the effectiveness of the risk management and internal control systems over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board has reached the conclusion that the Group's risk management and internal control systems were adequate and effective.

AUDITOR'S REMUNERATION

The Company's external auditor is BDO Limited. There has been no change in the Company's external auditors for the preceding three years.

During the year ended 30 June 2024, the remunerations paid/payable to BDO Limited were set out below:

Type of services	Fees paid/payable
Audit services	
– Audit of annual financial statements	1,900,000
Non-audit services	
– Agreed-upon procedures on interim financial information	250,000
– Agreed-upon procedures on preliminary results announcement	10,000
Sub-total	260,000
Total	2,160,000

BOARD DIVERSITY POLICY

The Board has adopted the new board diversity policy (the "**Board Diversity Policy**") in compliance with the mandatory disclosure requirements J of the Code.

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption with a view to developing a pipeline of potential successors to the Board to achieve gender diversity. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Board currently contains a single gender board. Taking into account the new requirements under the Code in respect of long-serving independent non-executive Directors in addition to the board diversity requirement, the Board is still in the process of identifying appropriate candidates and will endeavour to achieve board diversity under Rule 13.92 of the Listing Rules with at least one female Director in due course in an effort to secure an appointment by 31 December 2024 in accordance with the timeline specified in the Rule.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "**Dividend Policy**") in compliance with the Code Provision F.1.1 in the Code as contained in Appendix C1 of the Listing Rules.

The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value and does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the following factors concerning the Group when considering the declaration and payment of dividends:

(a) financial results;

(b) cash flow situation;

(c) business conditions and strategies;

(d) future operations and earnings;

(e) capital requirements and expenditure plans;

(f) interests of shareholders;

(g) any restrictions on payment of dividends; and

(h) any other factors that the Board may consider relevant.

Furthermore, depending on the financial conditions of the Company and the Group and the conditions and factors set out above, dividends (including interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate) may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

The Dividend Policy stated above will be subject to review by the Board from time to time.

ANTI-CORRUPTION POLICY

Under Code provision D.2.7 of the Code, the Board is required to establish an anti-corruption policy and system that promote and support anti-corruption laws and regulations.

The Board has adopted the anti-corruption policy (the "**Anti-Corruption Policy**") which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations.

The Anti-Corruption Policy sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries (collectively known as "**employees**"). It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the Anti-Corruption Policy.

The Anti-Corruption Policy has become effective since 8 April 2022 and its full text is available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include interim and annual reports, announcements and circulars.

The general meetings of the Company are primary forum for communication between the shareholders and the Board. The Group encourages its shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep shareholders informed of the Group's strategy and goals. The Chairman of the Board, other Board members and the chairman of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the shareholders.

Any one shareholder of the Company has the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration.

Procedures by which Shareholders may convene a Special General Meeting

Pursuant to the Bye-Laws of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene such physical meeting in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Procedures for Putting Forward Proposals at Shareholders' Meetings and Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their written requests, proposals, enquiries and concerns to the Company for the attention of Chairman of the Board or the Company Secretary whose contact details are:

Solartech International Holdings Limited
Unit 16, 12/F, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong
E-mail: enquiry@solartech1166.com
Tel no.: (852) 2796 1628
Fax no.: (852) 2799 9835

Shareholders' Communication Policy

Under paragraph L of the Code, the Board is required to conduct annual review of the shareholders' communication policy of the Company (the "**Shareholders' Communication Policy**") to ensure its effectiveness and make disclosure in the corporate governance report.

The full text of the Shareholders' Communication Policy is available on the Company's website and the Stock Exchange's website.

The Shareholders' Communication Policy was reviewed by the Board during the year ended 30 June 2024 to ensure its effectiveness and continues to be adopted in the forthcoming financial year. Taking into account the steps taken at the general meetings, the handling of queries received and the multiple communication channels in place, the Board is of the view that such policy is effective and has been properly implemented during the year ended 30 June 2024.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

INVESTOR RELATIONS

The Company maintains a website at www.1166hk.com where information and updates on the Company's business developments and operations, list of directors and their role and function, constitutional documents, terms of reference of the Board committees, procedures for nomination of directors for election, Shareholders' rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

The Anti-Corruption Policy, Whistleblowing Policy and Board Independence Evaluation Mechanism have become effective since 8 April 2022 and their full text are available on the Company's website and the Stock Exchange's website.

Save as disclosed in this report, there was no change in the Company's constitutional documents during the year ended 30 June 2024.

Constitutional Document

The shareholders of the Company at the special general meeting of the Company held on 31 May 2022 approved the adoption of the amended and restated bye-laws of the Company (the "**Bye-laws**") by way of a special resolution. The full text of the Bye-laws is available on the Company's website and the Stock Exchange's website.

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

The Company has prepared its Environmental, Social and Governance Report ("**ESG Report**") for the year ended 30 June 2024 in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") as set out in Appendix C2 to the Listing Rules.

The ESG Report of the Company for the year ended 30 June 2024 is set out on pages 42 to 71 of this annual report.

GENERAL

The Directors acknowledge their responsibility in preparing the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Company and in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 30 June 2024, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 76 and 77 of this annual report.

On behalf of the Board

Chau Lai Him
Chairman

27 September 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

(I) Purpose

In accordance with the requirements of The Stock Exchange of Hong Kong Limited ("**HKEx**"), listed companies are required to provide an Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**"). This is our ESG Report reviewing and disclosing the Group's vision, policies, management controls, and our performances and challenges, regarding environmental and social issues, for both internal and external stakeholders.

(II) Scope of Report

In response to market changes, the Group has stream-lined its operation and focused on its core business, namely (i) manufacturing and trading of cables and wires, (ii) trading of copper rods, and (iii) property investment. Each business segment of the Group has a different impact on the environment and society.

This ESG Report mainly includes data and activities of the two factory offices in Dongguan City, Guangdong Province, the People's Republic of China (the "**PRC**") (the "**Dongguan Factory Offices**") and the office located in Hong Kong (the "**Hong Kong Office**"), unless otherwise stated.

(III) Basis of Preparation

This ESG Report is compiled in accordance with the ESG reporting guide contained in Appendix C2 – Environmental, Social and Governance Reporting Guide ("**Appendix C2**" or "**ESG Reporting Guide**") of the Rules Governing the Listing of Securities on HKEx. The content of this ESG Report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A – Environmental and Area B – Social and further includes the disclosure of climate change related issues, which have or may impact the Group.

This ESG Report, which has been reviewed and approved by the board of the Company (the "**Board**"), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance, and consistency to disclose relevant statistics and information. The ESG Report was compiled in compliance with the "comply or explain" provisions in the ESG Reporting Guide.

(IV) Reporting Period

This report is for the period from 1 July 2023 to 30 June 2024 (the "**2024 Reporting Period**").

(V) Corporate Goals and Visions

The Group's vision continues to be a leading manufacturer and high-quality provider of electric cables and wires, and copper rods both in the PRC and worldwide. We are committed to providing these products with a reasonable return on investments to our shareholders, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees.

(VI) Board Statement

The Board is pleased to present the ESG report, prepared by Solartech international Holdings Limited (the "**Company**"), together with its subsidiaries (collectively, the "**Group**") to summaries the Group's ESG key issues, initiatives, and the sustainability performance of our principal business for the 2024 Reporting Period. The ESG Report is prepared in response to stakeholders' expectations and concerns about the sustainable development of the Group.

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for monitoring and reviewing corporate governance practices across the Group, and takes into account ESG-related risks in decision making and maintaining effective risk management and internal control systems. The Executive Directors are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks and opportunities while the management from different business units are responsible for organizing, promoting, and implementing various ESG related tasks under the Group's ESG management policies and strategies. The Board with an aim to ensure that the Group's operations comply with the principle of sustainability and to look after the Group's daily operations and risk management matters in relation to the Group's ESG-related risks and deals with sustainability issues by regular communication with senior management from key business divisions, monitoring the Group's daily operations, reviewing feedbacks from stakeholders and updating internal policies whenever necessary. The material issues and tasks regarding the ESG-related risks of the Group will be reported to the Board regularly in order to review and re-formulate the polices and plans for achievement of goals and targets.

The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group's strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group's ESG performance and adjusting corresponding action plans.

(VII) ESG Management

Throughout the 2024 Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period (from 1 July 2022 to 30 June 2023, the "**2023 Reporting Period**"). The Board of the Group is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and maximization of interests and benefits of investors and stakeholders. The Group's visions and goals, and the ESG management policy and approach, can be summarised in the following statements:

1. The Group is committed to be successful in all our businesses, bringing returns to our investors and supporters, providing a healthy and safe working environment to our employees and helping to provide sustainable developments of the local communities and the Group.

2. The Board from time to time approves and updates strategies and policies which address the related environmental and social issues contained in the ESG Reporting Guide. The Board has assigned each subsidiary to implement ESG policies in accordance with their respective operations and activities. Through their normal and routine channels, all subsidiaries report directly to the Group's Managing Director, who has the overall responsibility to ensure that the Board's approved strategies and polices are implemented. The subsidiaries are responsible for exploring and developing Key Performance Indicators ("**KPIs**") where appropriate and necessary in accordance with the Group's policies and goals.

3. It is the duty of the Group's Managing Director and the management team to examine and address all the environmental and social issues detailed in the aspects and areas in the ESG Reporting Guide.

Overall, the Group takes an active role in ensuring sustainable, environmentally friendly and socially harmonizing productions and operations by employing various measures which are compliant with relevant laws, operating practices and standards. The Group continues to uphold our established environmental friendly and socially sustainable and equitable management system. The adoption and application of the Quality Management System (ISO 9001:2015) has proven to be effective in ESG management.

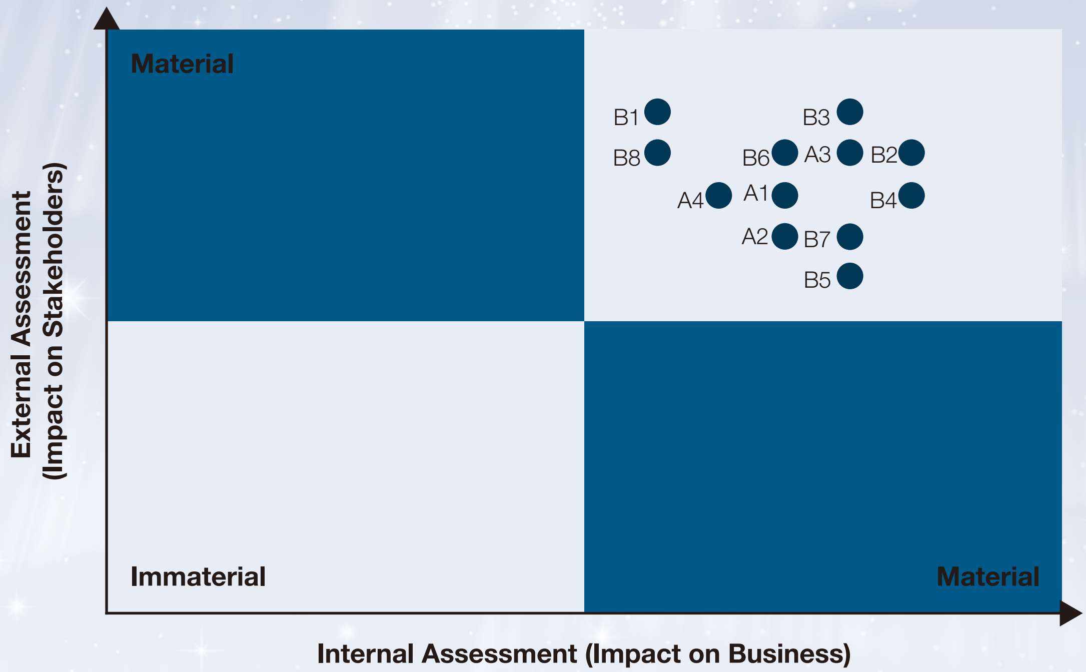
(VIII) Stakeholders Communications and Materiality

The Group is committed to be a socially responsible corporation through constant interaction with stakeholders and taking into account of their interests and benefits. We have been building the Group as an open, transparent and fair enterprise with due consideration of the environmental and social responsibilities with its business objectives. We have also been working towards achieving long-term sustainable growth of our business while safeguarding stakeholders' interests. The Board has taken into account the listed environmental and social areas and aspects in the ESG Reporting Guide which are significant considerations for its business planning and operation, and has integrated those environmental and social considerations into its business objectives, strategies and practices.

In managing the priorities, the Group continues to ensure its corporate, cable and wires and copper rods manufacturing and trading operation are in compliance with their environmental and social responsibilities, and obligations as required by the ESG Reporting Guide and the laws and related regulations of the Hong Kong Special Administrative Region ("**Hong Kong**") and the PRC. The Group also continues to take into account of the opinions and views of its stakeholders including shareholders, investors, employees, customers, suppliers, service providers, professional advisors, non-governmental organization ("**NGO**") partners and industry associations, and strives to address their concerns. It is the duty of the Managing Director and related frontline managers to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material areas and aspects during the 2024 Reporting Period.

Stakeholders	**Communication Channels**
Shareholders/Investors	• General meetings • Information published on websites of the Group and the HKEx • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Emails • Annual and regular appraisals • Organised functions and activities for the employees
Customers	• Day-to-day communication through frontline staff • Emails • Official website
Suppliers/Service providers/ Professional advisors	• Day-to-day communication through frontline staff • Regular review of the signed arrangements by the management
NGO partners	• Volunteer activities • Sponsors and donations
Industry associations	• Participation in annual and regular meetings, conferences, events, etc.

Through regular communications with stakeholders and reviewing of the information collected, the Group has identified the following ESG material areas and aspects indicated in the following table:



Subject Areas		Subject Aspects
Environmental		A1. Emissions
		A2. Use of Resources
		A3. Environment and Natural Resources
		A4. Climate Change
Social	Employment and Labour Practices	B1. Employment
		B2. Health and Safety
		B3. Development and Training
		B4. Labour Standards
	Operating Practices	B5. Supply Chain Management
		B6. Product Responsibility
		B7. Anti-corruption
	Community	B8. Community Investment

The Group has managed them strictly in accordance with the established management structure, process, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Environmental Protection;
- Climatic Change;
- Employment Fairness;
- Working Condition and Safety;
- Raw Materials Supply and Procurement;
- Quality of Products and Services Especially on Manufactured Wire Cables;
- Ethical Management and Anti-corruption; and
- Community Support.

The ESG issues, performances, and the related KPIs during the 2024 Reporting Period, especially on the above material areas and aspects, continue to be monitored and managed through the Group's approved management structure and process. With an allocation of adequate resources to implement the approved strategies, policies and measures, the Group has honoured its environmental and social obligations and responsibilities especially on the above material areas and aspects during the 2024 Reporting Period, which are summarised below.

MATERIAL AREAS AND ASPECTS AND THEIR PERFORMANCES

(A) ENVIRONMENTAL AREAS AND ASPECTS

1.1 Environmental Areas Overview and Policies

The Group's main environmental target has always been environmental protection with sustainable development in relation to its ongoing business activities and operations. The Group has continued to implement policies and taken measures to ensure our activities and operations to be energy, water and resources saving, and to prevent pollution, reduce wastes and minimise the negative impacts on and harmonise with the environment. During the process of formulating the environmental policies and measures, all activities and operations likely to cause environmental impact or impact on general sustainability such as the use of energy, water, raw materials and other natural resources, air emissions, water discharge and waste disposal have been considered. The Group has also actively assumed social responsibilities to reduce pollution through installation of the latest production equipment. The Group has compiled with all the national and local environmental laws, rules and regulations. All of our employees have been made aware of their responsibilities and respective roles in conserving natural resources and protecting the environment.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group was not subject to any confirmed cases for breaching environmental legislations or receiving complaints from any government environmental agencies and local communities in relation to emission and waste discharges or other environmental issues that could have an adverse impact on the local environment.

As the use of resources in the Hong Kong Office were covered by the management fee and were not separable. Hence, below information disclosed in Part A only includes the Dongguan Factory Offices' data.

1.2 Environmental Aspects

A1: Air Emissions, Polluted Water and Waste Discharge Aspect

During the 2024 Reporting Period, same as the 2023 Reporting Period, the types of emissions, wastes and discharge from the Group's operations and activities were mainly air pollutants including nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particulate matter ("**PM**") as well as greenhouse gases ("**GHG**") such as carbon dioxide ("**CO_2**") and its non-hazardous equivalents including nitrous oxide and methane (collectively with CO_2, "**CO_2e**") emissions directly generated from fuel usage of the Group's self-used office vehicles; indirectly generated from electricity consumption; polluted water discharge from factories and office employees' daily hygiene consumption; and non-hazardous packaging wastes such as used papers and packaging materials, office residuals, general rubbish and hygiene wastes in the Dongguan Factory Offices.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group did not receive any complaints or warning notice from relevant environmental agencies or local community on our direct hazardous emissions.

(i) Direct Hazardous Air Emissions and Indirect Greenhouse Gas Emissions

Greenhouse gases (GHG) include CO_2 and its non-hazardous equivalents including nitrous oxide and methane (collectively, CO_2e). Greenhouse gas emissions comprise Scope 1 direct emissions, which is direct emissions from the fuel combustion in vehicles, and Scope 2 energy indirect emissions, which is emissions resulting from the use of purchased electricity.

Same as the 2023 Reporting Period, indirect emission of namely GHG-CO_2 through the use of electricity for powering plastic extruding and injection machines for manufacturing of electric cable wire and the offices remain to be the main source of air emissions for the 2024 Reporting Period.

The table below recorded and compared the 2024 Reporting Period and the 2023 Reporting Period's resultant air pollutant emissions from the combustion of fuels by motor vehicles and the use of electricity in the Dongguan Factory Offices:

		Year ended 30 June		
Items of emissions[Note 1]	**Unit**	**2024**	**2023**	**Changes**
NO_x direct emission	Kilograms	29.94	25.64	+16.76%
SO_x direct emission	Kilograms	0.17	0.16	+4.63%
PM direct emission	Kilograms	2.62	2.25	+16.30%
CO_2 direct emission	Tonnes	26.94	25.75	+4.63%
CO_2e direct emission	Tonnes	30.36	29.02	+4.63%
CO_2 indirect emission[Note 2]	Tonnes	2,124.67	1,746.89	+21.63%

* Figures above are subject to rounding

Note 1: Emission factors for calculations in this ESG Report were made reference to the "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Note 2: Emission factors for purchased electricity sourced from 中國產品全生命週期溫室氣體排放系數庫.

		Year ended 30 June		
Greenhouse Gas Emission	**Unit**	**2024**	**2023**	**Changes**
Scope 1 (CO_2e)	Tonnes	30.36	29.02	+4.63%
Scope 2 (CO_2e)	Tonnes	2,124.67	1,746.89	+21.63%
Total (CO_2e)	Tonnes	2,155.03	1,775.91	+21.35%

In the coming year, the Group targets to reduce 1–2% air pollutants and CO_2e emissions performance in the Dongguan Factory Offices, by implementing various environmental initiatives stated in *Section A2(i)*.

(ii) Waste Water Discharge

During the 2024 Reporting Period, same as the 2023 Reporting Period, cooling water used in our manufacturing processes is the main source of the Group's waste water discharge. By adopting a close circulating system, most of the cooling water will be reused with minimal wastage or discharge. Waste water is also generated from dormitories, canteens and offices for hygiene uses of employees, whom are constantly reminded to avoid unnecessary wastage.

(iii) Hazardous and Non-Hazardous Wastes

The Group continued with its natural and pollution-free philosophy in its business where possible and has adopted the 3-R principle – to reduce, reuse and recycle. All employees are constantly reminded to adopt the 3-R principle in their handling and using of the resources.

Consideration is given to recycle and reuse in the various processes and stages of production. Procedures are in place for properly sorting out and storing the unused materials for resale or reuse. For example, copper is a major raw material input in our business and copper wire bits have a very strong resale value in the market so all copper cable wastes generated as a result of the manufacturing processes are stored up for resale.

Non-hazardous waste generated from the production processes mainly consists of packaging materials, such as carton boxes and paper used in our manufacturing operations. An insignificant amount of non-hazardous materials is also generated from non-production areas such as supporting offices, dormitories and canteens. All such wastes are collected and disposed of by external waste collectors. The amount of paper and packaging material usage is stated in *Section A2(iii)*.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group did not have any violation related to hazardous or non-hazardous wastes.

In the coming year, our policies will continue, and we expect our non-hazardous wastes will continue to be insignificant and handled properly.

(iv) Noise and Light Emissions

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group's operations and activities did not generate any noises and light emissions affecting the neighbour and the local community, and no complaints nor warning notices were received.

A2: Use of Resources

The Group continued with its objectives and policies to promote the conservation of resources and has implemented various energy, water and packaging materials saving measures in order to improve the performance of the conservation of resources and achieve operational optimization while complying with the relevant national laws and regulations. The Group has implemented guidelines and instructions on the efficient use of resources for office administration, factory production and general living of our employees. Our employees have also been constantly reminded to use our resources efficiently to avoid unnecessary wastage.

(i) Electricity & Fuel Consumption

Electricity is used mainly for operating the factory premises and the production equipment and employee dormitories in the PRC. Fuel consumption mainly arises from the motor vehicles owned by the Dongguan Factory Offices.

The table below recorded and compared the 2024 Reporting Period and the 2023 Reporting Period's resultant energy consumption:

		Year ended 30 June		
Energy Consumption		**2024**	**2023**	**Changes**
Electricity Consumption	Consumption (kWh)	3,727,490.00	3,064,715.00	+21.63%
	Intensity (kWh/employee)	10,649.97	8,560.66	+24.41%
Petrol	Consumption (Litres)	11,414.96	10,909.71	+4.63%
	Consumption (kWh)	110,626.53	105,729.99	+4.63%
	Intensity (kWh/employee)	316.08	295.34	+7.02%
Total	Consumption (kWh)	3,838,116.53	3,170,444.99	+21.06%

During the 2024 Reporting Period, due to increasing numbers of orders and customers, leading to an increase in electricity consumption compared to the 2023 Reporting Period.

To save energy, the Group has continued with its energy saving measures to supervise and encourage employees to use resources efficiently and in an environmentally friendly manner such as:

- Lights and equipment must be turned off if not in use;
- Duty employees will inspect the factories and offices to ensure all unused equipment and systems will be turned off before factories and offices closed;
- Maintaining work environments at pre-determined and energy efficient temperatures; and
- Encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow.

The Group continues to invest in energy saving tools and equipment such as LED lights.

In the coming year, the Group will continue to encourage and monitor our employees on energy saving practices, and target to lower the energy consumption by 2–3%.

(ii) ***Water***

For water, the main consumption comes from the domestic dormitory use of the resident workers in the Dongguan Factory Offices. The Group again requests the employees to use water smartly and responsibly. Inspectors have been assigned to ensure no unwarranted use and waste. In addition, as a means to monitor usage, special meters have been installed to record the water usage pattern.

Local city municipal supply is the only viable water source available to the Group as far as our production processes and household uses are concerned and we do not have any problem on sourcing of our water needs.

The table below recorded and compared the 2024 Reporting Period and the 2023 Reporting Period's resultant water consumption in Dongguan Factory Offices:

		Year ended 30 June		
Water Consumption	**Unit**	**2024**	**2023**	**Changes**
– Dongguan Factory Offices	m^3	15,599.00	24,836.00	-37.19%
Intensity (m^3/employee)		44.57	69.37	-35.76%

The Group's factory buildings have been completed, contributing to the significant decrease in water usage during the 2024 Reporting Period.

For the coming year, the Group targets to continue the decreasing trend and to achieve an overall reduction of water consumption by 1–2% under normal operating conditions.

(iii) Packaging Materials and Papers Consumption

For packaging paper and plastic raw materials, the Group has continued the policy of giving priority to the use of recycled papers and plastic wraps. Any used packaging materials and scraps will be collected and sold as used and scrap materials to recycling and waste operators. While in our offices and factories, the Group has continued to encourage the office staff and factory workers to reduce paper consumption as much as possible through the use of electronic tools such as emails, messages and universal serial bus storage to replace paper files, sketches and letters; to print paper on both sides; and to use recycled paper.

During the 2024 Reporting Period, due to increasing numbers of orders and customers, leading to an significant increase of paper and packaging material usage.

The table below recorded and compared the 2024 Reporting Period and the 2023 Reporting Period's packaging materials and papers consumption:

		Year ended 30 June		
Raw Materials Consumption	**Unit**	**2024**	**2023**	**Changes**
– Paper	Tonnes	1.05	0.69	+52.17%
– Packaging Material (Carton Boxes)	Pieces	3,842,563.00	3,153,615.00	+21.85%

A3: Environment and Natural Resources

Continuing the vision and policies of working towards a responsible corporation, the Group is committed to conserving resources in order to reduce its impact on the environment as well as saving operational costs. As reviewed above and reported in previous ESG reports, the Group's core operations and activities mainly use electricity, water, packaging paper boxes and plastic raw materials, which will have impacts on the environment if they are not properly managed. The Group has complied with all the national and local environmental laws as well as industrial environmental standards, and has cooperated with the local government agencies and supports environmental organizations' activities to build a "green" environment. At the same time, the Group has exercised due diligence and care in setting up its management structure and process, rules and regulations to ensure that natural resources are correctly and efficiently used without wastage or destruction. On the implemented measures as laid down in our various operation rules, regulations and manuals, the focuses are to reduce, reuse and recycle those natural resources as far as possible. The Group has also implemented green purchasing practices and best practice technologies to conserve natural resources where applicable.

As a summary, during the 2024 Reporting Period, same as the last few reporting periods, the Group has taken a totally responsible approach to implement policies and measures on electricity, water, packaging paper, raw plastic materials consumption, CO_2e emissions, waste water and general waste discharges. The Group was not subjected to any warnings, fines or violation notices, and was in compliance with all applicable environmental protection laws and regulations in all material aspects since the first ESG reporting. The Group will continue to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

A4: Climate Risk and Resilience Management

Climate change is mainly caused by the release of CO_2e into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for transportation. As the world transitions to a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this.

As listed in the sections headed "Stakeholders Communications and Materiality" and "Material Areas and Aspects", the Group fully aware that stakeholders expect us to manage and mitigate climate change risks. In light with the current global environmental conditions and the Group's operations and activities, the Board identifies that global warming and reduction on electricity, fuel, water and paper packaging material will be the most important and immediate areas that may impact the Group and the environment. These four areas will not only affect the operation costs of the Group, they will also impact directly or indirectly on the global environmental conditions, and the Group should tackle them for the purposes of combating climate change and reduce the operation costs in the future.

(i) CO_2e Emissions

As explained above, during the 2024 Reporting Period, the Group indirectly emitted GHG-CO_2 through electricity consumption for its operations and production and directly emitted CO_2e through fuel consumption for the Group's self-used vehicles. The Group has already implemented extensive policies and measures to reduce the use of electricity throughout the factories, employee dormitories and office. With a reduction in electricity consumption, less energy will be required, and less fossil or crude oil fuel will be used by the power plants, and less CO_2e will be generated accordingly. The Group will also continue to invest in more energy efficient processes and equipment in the near future.

(ii) Water

As explained above, during the 2024 Reporting Period, the Group has already taken measures to supervise and encourage employees to use water more efficiently in order to reduce its consumption for the purpose of conserving water, which will possibly bring back a balance to the global atmospheric condition.

(iii) Paper Packaging Materials

As explained above, during the 2024 Reporting Period, the Group has already implemented policies and measures to reduce papers consumption and to use recycled papers as far as possible, which will directly reduce the cutting of trees. The Group at the same time has supported low-carbon activities and activities to re-grow the forest, which is the main tool to reduce carbon directly to curb global warming.

For the 2024 Reporting Period, the Group's business operations and activities did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group has already taken measures to lower CO_2e emissions, and to reduce water and paper and paper-related packaging materials usage with a wish to curb global warming. The Group will continue with such policies and measures for the coming year.

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

Governance

The Board meets regularly to oversee our strategies and management approaches related to climate risks and opportunities, as well as the disclosure of information. We have implemented a climate change policy statement to guide our operations and reduce our impact on climate change while strengthening our business resilience.

Strategy

We strive to understand the impacts brought by climate change to our business operations and thus continuously seek to advance the relevant studies, as well as our action plans and mitigation measures. Subject to the on-going development of our climate-related risk assessment and management practices, we will further study the feasibility and practicality of integrating the financial impacts of climate-related risk and other sustainability issues into our financial planning at the corporate and project levels.

Risk Assessment and Management

We have updated the assessment methodology through a climate scenario analysis to reassess climate risks and opportunities across our operations in the PRC under two consolidated scenarios in accordance with Task Force on Climate-related Financial Disclosure ("**TCFD**") recommendations. The two consolidated climate scenarios are constructed based on public available scenarios which include Intergovernmental Panel on Climate Change ("**IPCC**"), International Energy Agency ("**IEA**") and Network for Greening the Financial System ("**NGFS**"). Based on the revaluation of our climate risk assessment results, we have updated our mitigation measures across various operational area. The following outlines the scenarios and assumptions employed during our climate risk assessment.

Consolidated Scenario	**Brown Scenario**	**Turquoise Scenario**
Timeframe	Short-term – till 2030 Medium to long-term – till 2100	
Global Mean Temperature	Global mean temperature rises of above 3°C by 2100	Global mean temperature rises of 1.5 to 2°C by 2100
Scenario Description	The scenario represents the future that only current policies and nationally determined contribution are implemented with limited investments and climate actions to decarbonize. This would usually lead to high level of physical risk and low level of transition risk.	The scenario represents the future that stringent and immediate policies will be implemented by the companies that are actively committed to climate action goals. This would usually result in high level of transition risks and low level of physical risks.

By gaining insight into the significant climate risks that affect our business across our value chain, we can develop effective strategies and measures to manage these risks and mitigate their financial and non-financial impacts. Within our framework, we acknowledge climate change as a strategic business risk and have integrated climate-related risks and opportunities into our overall business strategy. Our objective is to enhance long-term resilience by comprehensively assessing, managing, and monitoring climate risks that may impact our operations.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Physical Acute Risk

Extreme weather	**Preventative and mitigation measures**
Typhoons	– Attach duct tapes to windows to avoid damage – Move equipment to safety areas in advance – Reinforce equipment and components that may be blown away – Inform and negotiate with clients and third-party suppliers of potential delays in advance – Arrange work from home for staff according to the guidelines of local observatory
Heavy Rain and Flooding	– Check that all windows are shut as secure as possible – Reinforce equipment and assets which may be damaged or blown away – Arrange work from home for staff according to the guidelines of local observatory
Thunder and Lightning	– Keep good conditions of earthing devices – Remind employees to save data and turn off computers

Physical Chronic Risk

The Group has identified extreme weather such as sustained high temperature during the year could cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Physical Chronic Risk	
Extreme weather	**Preventative and mitigation measures**
Sustained high temperature	– Keep a First-aid kit convenient – Keep cold water available 24 hours a day

Climate-related Transition Risk

Transition risk	**Risk description**	**Potential Business Impact**
Legal and policy risk	The local government where the operation is located may implement stricter carbon emission reduction policies, which may increase enterprises' carbon emission costs related to production and operation	– Increase operation cost
Technology Risk	Technological improvements that support the transition to a lower-carbon system.	– Failing to upgrade to more efficient, sustainable, or automated technologies could result in higher operation costs and reduced competitiveness. Customers have increasingly strict requirements for carbon emission management of their suppliers, while the decarbonization of products and services may become an important standard for customers to choose from. Products that are not low-carbon may lead to a decrease in demand.
Market and reputation risk	There are stricter requirements for transparent carbon emissions information, and enterprises need to increase investment in the management of related performance. Poor performance in climate information disclosure may lead to reputation damage, declined stock price, or difficulties in financing.	– There will be a risk of a decline in sales and reputation if end-user is getting more prefer on environmentally friendly products or services and we do not have these options for our customers

Climate-related Opportunities

The Group recognizes that climate change not only presents a range of physical and transitional risks, but also provides emerging opportunities for our businesses. Measures such as improving energy efficiency, increasing the utilization of renewable energy, transitioning to sustainable resource management practices, and adopting green and low-carbon technologies have not only resulted in direct cost savings but also a reduction in energy expenses.

Looking ahead, we anticipate the opportunities that will arise from long-term regulatory frameworks and carbon trading. These mechanisms will enable us to explore alternative approaches to combat climate change, leveraging sustainable financial instruments. As the global economy transitions towards carbon neutrality, we remain committed to assessing and managing the climate-related risks and opportunities associated with our business.

Metrics and Targets

We strive to effectively manage and evaluate the risks and opportunities arising from climate change. Throughout the Reporting Period, we maintained continuous monitoring of key metrics, specifically GHG emissions, which serve as indicators of climate-related risks. These targets aim to reduce overall GHG emissions and electricity consumption.

B. SOCIAL AREAS AND ASPECTS

2.1 Social Areas Overview

As stated in the section "Corporate Goals and Visions", the Group is committed to conducting business in a socially responsible way and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and governing authorities. While formulating ESG strategies and policies, the Group has already taken into account of its short and long term corporate development goals, the benefits to the stakeholders and sustainable development of the society and the environment.

Starting from the 2024 Reporting Period, information below includes the Dongguan Factory Offices and the Hong Kong Office.

Pursuant to the ESG Reporting Guide, social areas and aspects including employment and labour practices, operation practices and community investment, and the Group's performance in these areas are reported below:

2.2 Employment and Labour Practices Areas and Aspects

The Group always treasures and regards its employees as one of the most valuable assets for its sustainable development and growth. It has therefore committed to strictly complying at all times with all the relevant laws, rules and regulations on employment, i.e. the Labour Laws of the PRC and the Employment Ordinance ("**Employment Ordinance**") of Hong Kong (Chapter 57 of the Laws of Hong Kong), and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employee-oriented policies to promote motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees.

The Human Resources Department has been delegated with the responsibilities to implement the employment and related policies, rules and regulations, which are summarised and laid out in its employee handbook and employment contracts.

B1: Employment

Since the Group's establishment, it has continued with its employee-oriented employment policies and practices throughout, which include the following main features:

- Owing to the existence of operation bases and activities in different regions, the Group has set up the human resources department headquarters in Hong Kong, whose responsibilities are reviewing and approving the Group's human resources policies, and employment terms and conditions, while the regional offices' human resources managers implement the approved policies and measures in compliance with the local employment laws, rules, regulations and practices;

- The regional human resources managers report to the regional general managers and have been assigned with the responsibility to implement the Group's human resources strategies and policies, and to ensure all the statutory obligations of the Group have been fulfilled and are complied with;

- Adopt a humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment;

- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an employee handbook, containing all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfare etc.;

- In accordance with the requirements of the national laws of the PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on Housing Provident Funds (住房公積金管理條例), and the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance ("**MPFSO**") (Chapter 485 of the Laws of Hong Kong) of Hong Kong, the Group provides and maintains statutory benefits to all qualified employees, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays;

- On recruitment, the Group has adopted a mixed policy of external recruitment and internal promotion for vacancies. All vacancies are open to all with equal opportunities, no discrimination on religion, gender, age and disability, and to be selected on a qualification, skill and competency basis;

- Employment of child labour and forced labour is strictly forbidden;

- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for employees will be rewarded at the discretion of the top management with consideration on performance; and

- Provide a safe and pleasant working environment to our employees.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group has complied with all the employment laws, rules and regulations of the PRC and Hong Kong, and has honored all its obligations to employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits. There were no wage disputes or complaints, breaches of the labour laws or labour disputes recorded.

Pursuant to the ESG Reporting Guide, the Group's employment situation for the 2024 Reporting Period and the 2023 Reporting Period are analyzed and summarised in below:

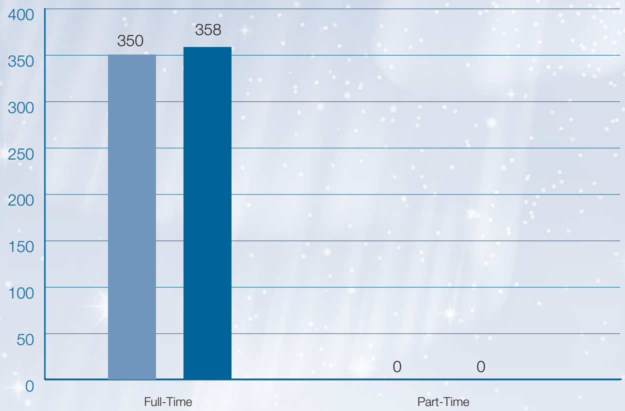


Figure 1: Number of Employees by Employment Type

2024 2023

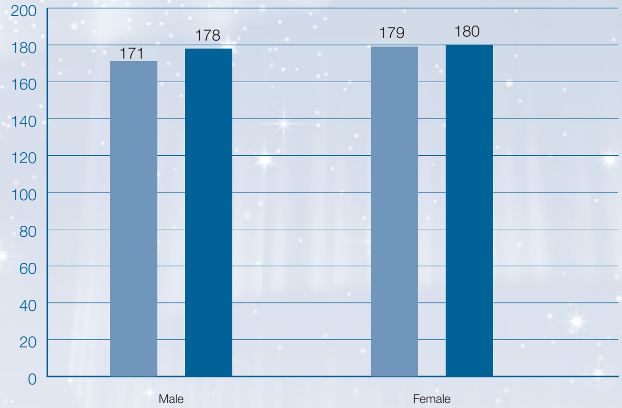


Figure 2: Number of Employees by Gender

2024 2023

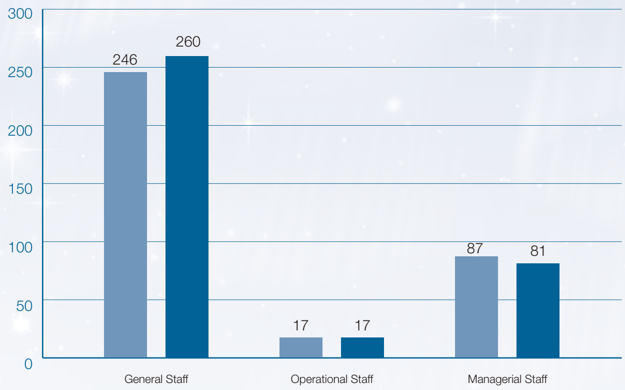


Figure 3: Number of Employees by Employment Category

2024 2023

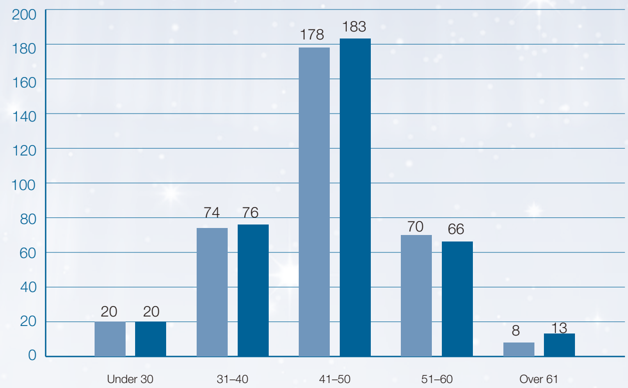


Figure 4: Number of Employees by Age

2024 2023

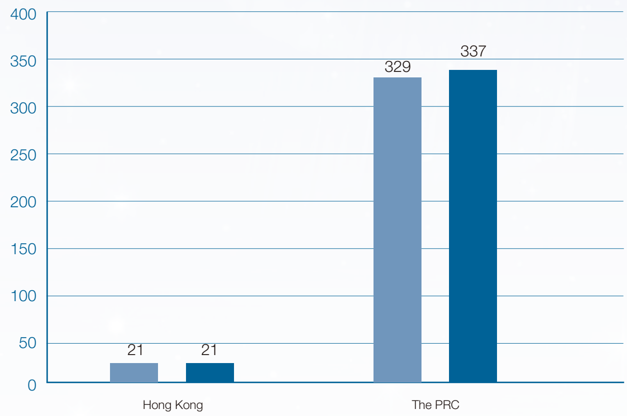


Figure 5: Number of Employees by Geographical Region

2024 2023

As for the employee turnover rate, an analysis of the Group's employee turnover rate breakdown for the 2024 Reporting Period and the 2023 Reporting Period are summarised in below:

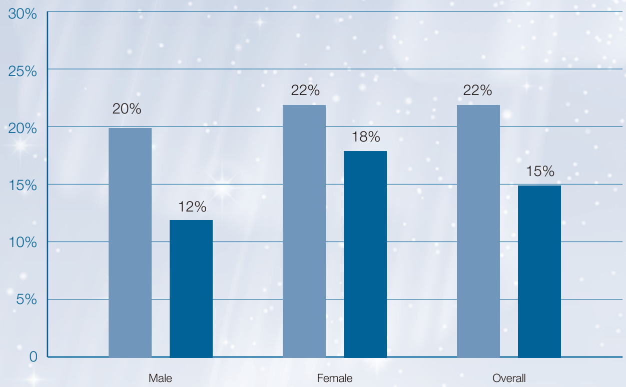


Figure 6: Employment Turnover Rate by Gender

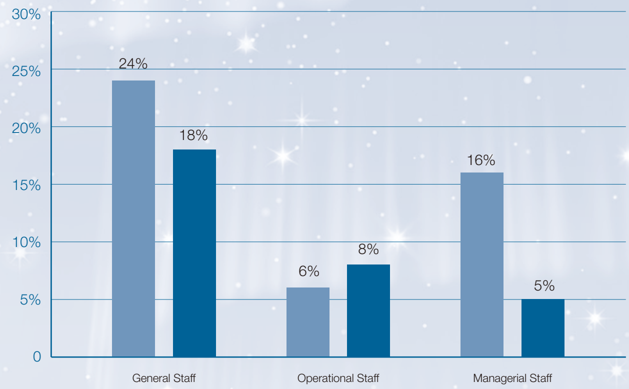


Figure 7: Employment Turnover Rate by Employment Role

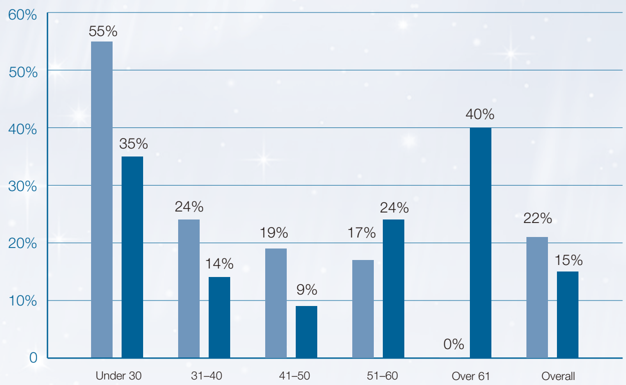


Figure 8: Employment Turnover Rate By Age

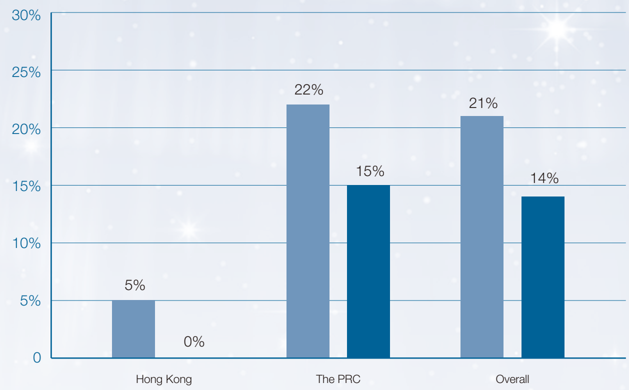


Figure 9: Employment Turnover Rate by Geographical Region

From the above information, it can be summarised that the Group has a stable work force, a diverse gender amongst employees and a high number of experienced staff.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group did not have any incidents of non-compliance with relevant employment laws and regulations nor any labour disputes.

B2: Health and Safety

Given the nature of the Group's business in the manufacturing of metal products, and being a responsible employer, the Group emphasises that the health and safety of employees are its primary concern. The Group has implemented and continued with its employee-oriented human resources policies, and at all times provides a safe and healthy working environment in its office, especially its factories to prevent employees from injuries and accidents, and to minimise the risk of any occupational hazards. The Group has taken the following health and safety measures to protect its employees:

➢ Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations;

➢ Requires all employees to strictly comply with the health and safety policies, rules and regulations, including the Occupational Safety and Health Ordinance ("**OSHO**") (Chapter 509 of the Laws of Hong Kong) and the Employees' Compensation Ordinance ("**ECO**") (Chapter 282 of the Laws of Hong Kong) of Hong Kong, and the Labour Laws of the PRC and has constantly reminded the employees to perform their tasks under safety conditions;

➢ Takes occupational health and safety as one of our prime responsibilities, and constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment;

➢ In-house rules stipulate that whenever injuries or accidents occur, regardless of minor or serious incident, the employees must notify the superiors immediately who will then take appropriate measures to ensure safety is not compromised, and in all circumstances ensure that incidents are promptly and properly dealt with and reported in accordance with the local or national laws as appropriate;

➢ The Group has assigned safety officers to regularly inspect and to educate employees on taking precautionary measures to ensure that the workplace is safe. Regular health and safety trainings have been provided to employees to assist them to perform their jobs safely; and

➢ Insures all qualified employees in both the PRC and Hong Kong with medical insurance in accordance with the statutory requirements of the two places.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group has equipped its factory operations with all the required safety equipment and facilities and there was no adverse comment by the law enforcing authorities during their inspections and no prosecution case was reported.

The Group had zero work-related fatalities in the past three years including the 2024 Reporting Period in any of our operations. During the 2024 Reporting Period, same as the 2023 Reporting Period, zero lost days due to work-related injuries was recorded, nor any claimed disputes on employees compensation or investigation by any government agencies.

Regarding work injury and accident, there were 3 light injury cases during the 2024 Reporting Period (For 2023 Reporting Period: 7 cases), no serious injuries, or incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards which could have a significant impact on the production operations or businesses of the Group. The injuries had been well taken care of immediately after their occurrence, and no disputes or claims arose thereafter. The low injury and accident rates during the 2024 Reporting Period as well as the 2023 Reporting Period reconfirms that the Group's health and safety policies and measures and its continuous attention to set up a safe environment was effective.

B3: Development and Training

As aforementioned, the Group values its employees as one of its most valuable assets, it has always supported means to enhance employees' value by regularly providing them with development and training programs in terms of skills and job knowledge, plant operation and production know-how at various levels, so that they are able to perform their required job duties in a competent and capable manner without risk to their health and safety or damage to plants and operations.

Employees are encouraged to engage in self-development by taking external training programs and seminars which are sponsored by the Group in part or whole. Broadly speaking, the Group has continuously and regularly provided 2 types of training:

(i) Induction and on-the-job training – Induction training is provided to new recruits to enhance their understanding of the Group's history, organization structure, work environment, regulations, responsibilities and duties, working skills, safety operation, and career development plan etc. Whereas on-the-job training is provided to permanent employees with an aim to improve their career development and skills for performing their required job duties in a more competent and capable manner and without risking their health and safety.

(ii) External specific skills and knowledge training – it is provided normally to middle and senior management executives aiming at enhancing their technical, management and professional skills and ability.

Below is the breakdown of the percentage of employees trained during the 2024 Reporting Period and the 2023 Reporting Period by gender and employment role:

Training (No. of employees)	Internal	External
Percentage of employees trained		
2024	94.00%	–
2023	94.13%	–
Male		
2024	46.29%	–
2023	47.21%	–
Female		
2024	47.71%	–
2023	46.93%	–
Managerial staff		
2024	22.57%	–
2023	20.39%	–
Operational staff		
2024	3.43%	–
2023	3.35%	–
General staff		
2024	68.00%	–
2023	70.39%	–

Below is the breakdown of the hours of training undergone by the Group's employees during the 2024 Reporting Period and the 2023 Reporting Period by gender and employment role:

Average training hours per employee	Internal	External
Total average training hours per employee		
2024	2.99	–
2023	3.14	–
Average training hours for male		
2024	3.34	–
2023	3.54	–
Average training hours for female		
2024	2.66	–
2023	2.74	–
Average training hours for managerial staff		
2024	2.97	–
2023	2.91	–
Average training hours for operational staff		
2024	8.59	–
2023	7.76	–
Average training hours for general staff		
2024	2.61	–
2023	2.91	–

B4: Labor Standards

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group continued with its cornerstone policy of strict compliance with the Labour Laws of the PRC and the Employment Ordinance, and adopted their respective standards as the minimum standards on employment and labour protection and welfare. The Group adhered to the laws of the PRC and Hong Kong as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits as well as equal employment opportunities to all gender, age, race and religion. The Group acted strongly against and banned all child, illegal and forced labour.

All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. As a legal obligation and for better management, the Group has kept the private files of the employees on confidential basis and in safe custody for record, future reference and government inspection.

The human resources department is charged with the responsibility of overseeing labor compliance. Heads of the factories are also responsible for ensuring that all labor protection and welfare obligations of their operations are complied with and any breaches of statutory compliance are brought to the attention of the Group's Managing Director in Hong Kong.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group honored all of its obligations towards employees and no disputes or litigations on labour matters were reported. There was also no child and forced labour case reported. The Group is confident to maintain this good track record for the coming year.

2.3 Operation Practices Areas and Aspects

B5: Supply Chain Management

Supply chain management in the ESG Reporting Guide mainly refers to the management of sourcing and procurement. The Group's main purchases for the office and the factories have not changed much over the years and include routine stationery supplies and utensils for the office, and raw materials such as copper sheet and wire, rubber, plastic, packaging materials, replacement spare parts etc., for factories.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group continued to implement a detailed supply and purchase management system adopting different approval authorities at different hierarchy levels of the management team. The Purchase Manager, Finance Director and Managing Director form the execution and supervision purchase chain at different monetary levels. Each level is accountable to the one above on their monetary limits they are authorised to purchase. All capital expenditure purchases have to be authorised and approved by the Hong Kong headquarters. All purchase transactions must be submitted to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

To ensure a fair and equitable, quality assured, and cost-efficient supply chain, the Group has implemented clear procurement management rules and guidelines and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment. The Group selects all suppliers based on a set of criteria, which includes (i) ability to meet specification and standards; (ii) products and services quality; (iii) pricing of the products and services; (iv) delivery reliability; (v) green specifications of the products supplied (if applicable); and (vi) track records of the suppliers' business relationships with us and others in the industry and their committed compliance to laws, rules and regulations. The Group maintains a list of approved suppliers and will invite 2 to 3 suppliers to tender for purchases for a reasonable order size in order to obtain the optimal offer and to eliminate any chance of malpractice.

During the 2024 Reporting Period, same as the 2023 Reporting Period, owing to the special nature of our raw materials – copper sheets and wires, rubber and plastic, the Group had to purchase from both local and overseas suppliers, whomever offered the best prices.

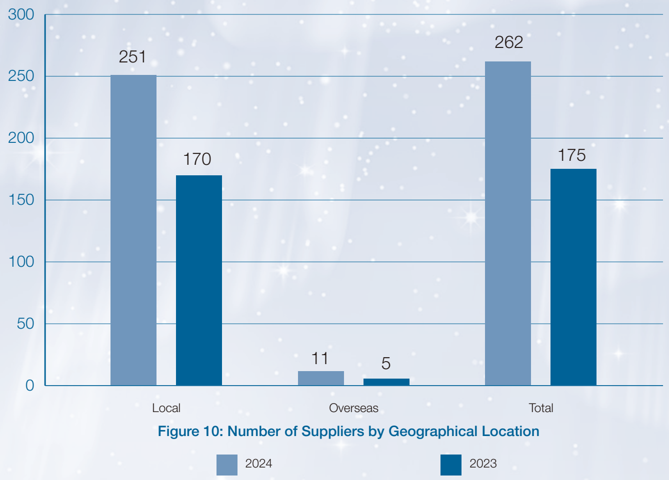


Figure 10: Number of Suppliers by Geographical Location

All general purchases are placed with reliable local suppliers as far as possible so as to reduce carbon footprint and to support the local economy. When items or services are purchased for special use, the purchasing officers must ensure that the supply of services or goods are fit for purpose and meets our specification before price becomes a consideration. Owing to effective management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business. The Group expects that its purchase policies and pattern will likely to be continued in the coming year.

B6: Product Responsibilities

The ESG Reporting Guide stipulates that there are four major sub-aspects on product responsibilities: product quality and safety, customer services and complaints handling, intellectual property rights and privacy, which the Group's internal control process, employee rules and regulations and contracts already have clear guidelines and rules to deal with.

(i) Product Quality and Safety

The Group has continued with its quality guarantee policy and taken all reasonable steps to ensure that the goods produced are safe and harmless to its consumers, meeting all agreed or legally required standards for consumers health and safety, including health warnings, product safety and information labels. It is because the Group firmly believes that with a high quality and safety standard of its products, it can retain the customers and expand market share. The Group has obtained The Quality Management System (ISO 9001:2015) which ensures that its products pass through strict quality control processes and meet with approved quality standards. The Group has trained Quality Controllers to examine the quality and safety of its products from the first stage of raw material purchases, to regularly inspect goods during the production and sale processes and ensure that the processes are in total compliance with both internal and external quality and safety assurance codes. The Group has also committed to investing in plant and equipment for high end production technology, quality and safety to maintain its competitive edge. The Group has also fostered close relationships with its business peers to keep abreast of the latest product development and knowledge.

During the 2024 Reporting Period, the Group's cable wire sales recorded about 0.28% (For 2023 Reporting Period: 0.49%) product returned for quality reason after our investigation and examination of the products' issue, which is lower than the industry norm. No health warnings or below quality and safety comments from the Consumer Council, marketing agencies or relevant government authorities on the quality and safety of its cable wire products was ever received. The Group has the confidence to continue the quality control processes to ensure its products will always be of the highest quality and safety standard in the coming years.

(ii) Customer Services and Complaints Handling

The Group has clear policies and procedures to ensure that all customer complaints or concerns are addressed to the appropriate levels in a timely manner. In its sales contracts, there are clear clauses specifying its responsibilities under quality issues. The sales department is responsible for handling all sales complaint issues. Standing arrangements are also in place for an independent third party to adjudicate on any unresolved disputes between the sales department and the client. Consequential remedial actions will be taken promptly and in a responsible manner.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group recorded less than 10 sales complaints, and no warnings from the Consumer Councils or relevant government authorities on the quality of its services. The established complaints handling routes and channels have functioned well and the Group did not experience serious sales complaints which led to disruption of its manufacturing processes.

(iii) Privacy

As reported in the previous reporting, the Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operating status and financial positions, commercial terms of contracts, general background information, etc. These types of information are extremely sensitive and important, and by law, have to be cautiously safeguarded and protected. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information against unauthorised access, use and disclosure through a variety of security technologies and procedures. All employees are trained to handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law. The Group has incorporated the confidential clause into the staff handbook and employment contract, under which all employees are obligated to follow. Legal action will be taken against any violation.

During the 2024 Reporting Period, same as the 2023 Reporting Period, the Group did not receive any complaint on any breach of privacy or leakage of information. Given its existing internal control and technical control process, the Group is confident that confidential information will not be accessed and leaked out easily.

(iv) Intellectual Property Rights

Apart from the Group's company logo and name, which has been registered with the China State Administration for Industry and Commerce, the Group's business operation involves no intellectual property right issues. The Group however respects intellectual property rights and has practiced in its daily operation such as its installation of original software in its computers to avoid vulnerabilities and legal disputes arising from software copyright.

During the 2024 Reporting Period, and same as previous few years, the Group did not receive any reports or cases of any intellectual property rights infringement.

B7: Anti-Corruption

As disclosed in the above introduction section, the prevention of bribery, extortion, fraud, and money laundering is a material aspect to all the stakeholders. The Group is well aware of the importance of honesty, integrity and fairness in its business operations and has therefore in place an anti-corruption policy which involves comprehensive internal control system comprising corruption reporting, whistle-blowing and investigation procedures, and has adopted a zero-tolerance approach to those corruptive and fraud crimes since establishment. In daily operations, the directors, management and staff must comply with relevant laws and regulations on prevention of bribery, extortion, fraud and money laundering. With the implementation of clear policies and well-structured processes on purchases, sales, operations and finances, and the adoption of a high code of conduct especially in our senior management, all employees have responsibility not only to understand but also to comply with the above regulations and any person, who violates the regulations, will be subject to disciplinary sanction. Employees at all levels have been constantly reminded of and advised in meetings and documents, such as the staff handbooks and Employment Contracts, on anti-corruption, conflict of interest and giving and taking of interests. Transactions in large monetary sums are processed through bank transfers which require authorised signatories at the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate.

Since the commencement of the ESG reporting and during the 2024 Reporting Period, there were no complaints and legal cases of corruption against the Group or its staff, and the Group is confident to achieve a similar clean result in the future.

B8: Community Investment

The Group strives to implement corporate social responsibility to make continuous contributions to the building of a cohesive and caring society. The Group seeks to foster employees' sense of social responsibility, thus encouraging and sponsoring them to participate in charitable activities and devote their spare time to helping the needy. Furthermore, the Group supported the local communities by prioritising its purchases with the local suppliers. The Group continues to encourage and educate all our employees to participate in environmental protection activities.

The Group continued to provide 350 jobs, mostly to the low-skilled village and city workers, and training to enhance their skills in the 2024 Reporting Period. Finally, the Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and polluted water and wastes discharges.

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Solartech International Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Solartech International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 78 to 160, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(b) to the consolidated financial statements, which indicates that the Group (i) incurred a loss of HK$89,247,000 for the year ended 30 June 2024, (ii) the Group's current liabilities exceeded its current assets by HK$46,135,000 as at 30 June 2024 and (iii) the Group had borrowings of HK$262,434,000 out of which HK$156,604,000 is repayable within the next twelve months after 30 June 2024 while the Group's cash and cash equivalents amounted to HK$102,526,000 as at 30 June 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of intangible asset – mining right

Refer to Note 18 to the consolidated financial statements.

As at 30 June 2024, the carrying amount of the Group's mining right included in intangible asset, before impairment assessment, amounted to HK$394,762,000. In view of the significant increase in copper price from approximately US$8,200 per ton at beginning of the year to approximately US$9,500 per ton at the end of year, management considered that it was an indicator that there may be reversal of the impairment loss of the mining right made in previous years. On the contrary, as a result of the further delay in Group's mining plan in the current year, which indicated that the Group's mining right may be further impaired.

The Group engaged an independent professional valuer as management's expert to assist its assessment. Following a detailed impairment review of the Group's cash-generating unit related to the mining right (the "**Mining CGU**"), management has estimated that a reversal of impairment loss on mining right of HK$1,087,000 for the year ended 30 June 2024.

This conclusion was based on a calculation of recoverable amount that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the model.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Evaluating the appropriateness of the model used by management to calculate the fair value less cost of disposal of the Mining CGU;

(ii) Assessing and challenging the reasonableness of the key assumptions such as forecast commodity price, discount rate and country specific risk rate used including reconciling input data to external market data;

(iii) Reviewing and assessing the appropriateness of mining based assumptions, including recovery rates and ore grades;

(iv) Challenging management's sensitivity analysis on key assumptions;

(v) Involving an auditor's expert to assist our assessment;

(vi) Evaluating the competence, capabilities and objectivity of the management's expert and auditor's expert; and

(vii) Assessing the appropriateness of the related disclosures included in Note 18 to the consolidated financial statements.

Impairment assessment of property, plant and equipment and right-of-use assets

Refer to Note 15 and Note 17 to the consolidated financial statements.

As at 30 June 2024, the carrying amount of the Group's property, plant and equipment and right-of-use assets, before impairment assessment, amounted to HK$15,594,000 and HK$6,965,000 respectively. During the year, the Group incurred a loss, before impairment assessment of property, plant and equipment and right-of-use assets, of HK$89,247,000, and as at 30 June 2024, the market capitalisation of the Group fell below its net asset value and accordingly, management considered that these were indicators of impairment of the Group's property, plant and equipment and right-of-use assets.

The Group engaged an independent professional valuer as management's expert to assist its assessment. Following a detailed impairment review of the Group's cash-generating units ("**CGUs**"), the recoverable amounts of the CGUs exceeded their carrying amounts and therefore management considered that no impairment loss in respect of the Group's property, plant and equipment and right-of-use assets is necessary.

This conclusion was based on a fair-value-less-costs-of-disposal model that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the model.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Understand the methodologies used by management to estimate the fair value less cost of disposal;

(ii) Assessing the key assumptions and input data used by management to estimate the fair value less cost of disposal based on our knowledge of the business and industry; and

(iii) Evaluate the competence, capabilities and objectivity of the management's expert.

Valuation of investment properties

Refer to Note 16 to the consolidated financial statements.

The Group's investment properties were carried at fair value of HK$586,369,000 as at 30 June 2024 which was based on valuations performed by independent professional valuers as management's experts.

Investment properties were significant to the consolidated financial statements of the Group. The valuation of investment properties requires significant judgement and estimation in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. There is a risk that the carrying amount of investment properties may be significantly changed if the valuation methodology adopted and the key assumptions applied by the valuers are varied.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) Considering the appropriateness of the methodology and assumptions adopted in the valuation with the assistance of our own valuation specialist as auditor's expert;

(ii) Checking the accuracy and relevance of the input data used;

(iii) Evaluating the competence, capabilities and objectivity of the management's experts and auditor's expert; and

(iv) Assessing the appropriateness of the related disclosures included in Note 16 to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Tsui Ka Che, Norman
Practising Certificate Number: P05057

Hong Kong, 27 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6 and 7	**795,700**	374,316
Cost of sales		**(728,476)**	(362,161)
Gross profit		**67,224**	12,155
Interest income		**10,909**	13,985
Other income and other gains/(losses), net	12	**10,862**	217
General and administrative expenses		**(84,109)**	(61,628)
Selling and distribution expenses		**(7,912)**	(7,650)
Finance costs	10	**(19,653)**	(19,768)
Change in fair value of derivative financial instruments, net	26	**148**	62
Change in fair value of investment properties, net	16	**(86,834)**	(1,262)
Change in fair value of financial assets at fair value through profit or loss, net	25	**(2,077)**	(533)
Expected credit loss recognised, net	23	**(2,317)**	(4,609)
Reversal of impairment loss/(impairment loss) on intangible asset	18	**1,087**	(92,044)
Gain on disposal of a subsidiary	32	**–**	4,606
Share of results of associates	20	**574**	(643)
Share of results of joint ventures	21	**1,142**	(7,086)
Loss before taxation	8	**(110,956)**	(164,198)
Income tax credit/(expense)	11	**21,709**	(12,561)
Loss for the year		**(89,247)**	(176,759)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(693)**	(17,726)
Reclassification adjustment on exchange difference for disposal of associates during the year	20	**287**	–
Reclassification adjustment on exchange difference for foreign operation disposed of during the year	32	**–**	(5,766)
Share of other comprehensive income of associates	20	**(17)**	(277)
Share of other comprehensive income of joint ventures	21	**8**	3
Other comprehensive income for the year		**(415)**	(23,766)
Total comprehensive income for the year		**(89,662)**	(200,525)
Loss attributable to:			
Owners of the Company		**(88,516)**	(176,246)
Non-controlling interests		**(731)**	(513)
		(89,247)	(176,759)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 HK$'000	2023 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**(88,948)**	(200,138)
Non-controlling interests		**(714)**	(387)
		(89,662)	(200,525)
			(Restated)
Loss per share:			
– Basic and diluted (HK$)	14	**(0.75)**	(1.48)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**15,594**	17,709
Investment properties	16	**586,369**	669,164
Right-of-use assets	17	**6,965**	8,414
Intangible asset	18	**395,849**	394,772
Interests in associates	20	**745**	2,757
Interests in joint ventures	21	**3,106**	1,956
Total non-current assets		**1,008,628**	1,094,772
Current assets			
Inventories	22	**25,342**	23,818
Debtors, other loans and receivables, deposits and prepayments	23	**227,017**	235,214
Bills receivable	24	**2**	1,461
Financial assets at fair value through profit or loss	25	**3,800**	5,930
Bank balances and cash	28	**102,526**	85,665
Total current assets		**358,687**	352,088
Current liabilities			
Creditors, other advances and accrued charges	29	**247,108**	212,309
Borrowings	30	**156,604**	129,177
Derivative financial liabilities	26	**–**	177
Lease liabilities	17	**1,110**	1,262
Total current liabilities		**404,822**	342,925
Net current (liabilities)/assets		**(46,135)**	9,163
Total assets less current liabilities		**962,493**	1,103,935

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	17	687	1,798
Other payables and advances	29	4,288	7,334
Borrowings	30	105,830	131,764
Deferred tax liabilities	31	52,962	74,884
Total non-current liabilities		163,767	215,780
Total net assets		798,726	888,155
EQUITY			
Capital and reserves			
Share capital	33	23,745	23,745
Reserves		776,744	865,459
Equity attributable to owners of the Company		800,489	889,204
Non-controlling interests	37	(1,763)	(1,049)
Total equity		798,726	888,155

The consolidated financial statements on pages 78 to 160 were approved and authorised for issue by the Board of Directors on 27 September 2024 and are signed on its behalf by:

Chau Lai Him
DIRECTOR

Chau Chi Ho
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital HK$'000 (Note 33)	Share premium HK$'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 2022	23,745	1,828,432	612,360	900	4,878	108,253	–	(1,489,226)	1,089,342	(662)	1,088,680
Loss for the year	–	–	–	–	–	–	–	(176,246)	(176,246)	(513)	(176,759)
Exchange difference on translation of foreign operations	–	–	–	(17,852)	–	–	–	–	(17,852)	126	(17,726)
Reclassification adjustment on exchange difference for foreign operation disposed during the year (Note 32)	–	–	–	(5,766)	–	–	–	–	(5,766)	–	(5,766)
Share of other comprehensive income of associates (Note 20)	–	–	–	(277)	–	–	–	–	(277)	–	(277)
Share of other comprehensive income of joint ventures (Note 21)	–	–	–	3	–	–	–	–	3	–	3
Total comprehensive income for the year	–	–	–	(23,892)	–	–	–	(176,246)	(200,138)	(387)	(200,525)
Disposal of a subsidiary	–	–	–	–	–	(2,172)	–	2,172	–	–	–
Release upon disposal of investment properties (Note 16)	–	–	–	–	–	(6,180)	–	6,180	–	–	–
At 30 June 2023	23,745	1,828,432	612,360	(22,992)	4,878	99,901	–	(1,657,120)	889,204	(1,049)	888,155

	Share capital HK$'000 (Note 33)	Share premium HK$'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 2023	23,745	1,828,432	612,360	(22,992)	4,878	99,901	–	(1,657,120)	889,204	(1,049)	888,155
Loss for the year	–	–	–	–	–	–	–	(88,516)	(88,516)	(731)	(89,247)
Exchange difference on translation of foreign operations	–	–	–	(710)	–	–	–	–	(710)	17	(693)
Reclassification adjustment on exchange difference for disposal of associates during the year (Note 20)	–	–	–	287	–	–	–	–	287	–	287
Share of other comprehensive income of associates (Note 20)	–	–	–	(17)	–	–	–	–	(17)	–	(17)
Share of other comprehensive income of joint ventures (Note 21)	–	–	–	8	–	–	–	–	8	–	8
Total comprehensive income for the year	–	–	–	(432)	–	–	–	(88,516)	(88,948)	(714)	(89,662)
Equity-settled share-based payment	–	–	–	–	–	–	233	–	233	–	233
At 30 June 2024	23,745	1,828,432	612,360	(23,424)	4,878	99,901	233	(1,745,636)	800,489	(1,763)	798,726

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 represented all foreign exchange differences arising from the translation of the financial statements of foreign operations, reclassification adjustment on exchange difference for foreign operation disposed during the year, share of other comprehensive income of associates and joint ventures.

The statutory reserve fund represented 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 represented the gains arising on the revaluation of properties (other than investment properties) on the date of transfer from property, plant and equipment and right-of-use assets to investment properties.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before taxation		**(110,956)**	(164,198)
Adjustments for:			
Interest income		**(10,909)**	(13,985)
Finance costs	10	**19,653**	19,768
Depreciation of property, plant and equipment	15	**3,695**	4,024
Depreciation of right-of-use assets	17	**1,357**	2,074
Change in fair value of derivative financial instruments, net	26	**(148)**	(62)
Change in fair value of investment properties, net	16	**86,834**	1,262
Change in fair value of financial assets at fair value through profit or loss, net	25	**2,077**	533
Expected credit loss recognised, net	23	**2,317**	4,609
(Reversal of impairment loss)/impairment loss on intangible asset	18	**(1,087)**	92,044
Gain on disposal of a subsidiary	32	**–**	(4,606)
(Reversal of write-down)/write-down of inventories	22	**(349)**	716
Write back of other payables	8	**(7,498)**	–
(Gain)/loss on disposal of property, plant and equipment	8	**(2,113)**	940
Loss on disposal of investment properties	8	**–**	2,200
Gain on disposal of right-of-use assets	8	**(2,100)**	(1,809)
Loss on disposal of associates	12	**1,235**	–
Share of results of associates	20	**(574)**	643
Share of results of joint ventures	21	**(1,142)**	7,086
Equity-settled share-based payment expenses	34	**233**	–
Operating loss before working capital changes		**(19,475)**	(48,761)
(Increase)/decrease in inventories		**(1,175)**	8,908
(Increase)/decrease in debtors, other receivables, deposits and prepayments		**(24,612)**	880
Decrease/(increase) in bills receivable		**1,465**	(692)
Increase in creditors, other advances and accrued charges		**39,989**	61,216
Cash (used in)/generated from operations		**(3,808)**	21,551
Interest paid for trade and other payables		**(3,265)**	–
Net cash (used in)/generated from operating activities		**(7,073)**	21,551

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 HK$'000	2023 HK$'000
Investing activities			
Interest received		**10,909**	13,985
Repayment of loan receivables		**219,608**	124,472
Loan receivables advanced		**(190,144)**	(120,730)
Expenditure on investment properties		**(6,753)**	(11,807)
Purchases of property, plant and equipment		**(1,723)**	(2,906)
Proceeds from disposal of property, plant and equipment		**2,179**	72
Proceeds from disposal of investment properties		**–**	1,924
Proceeds from disposal of a subsidiary	32	**–**	18,951
Proceeds from disposal of right-of-use assets		**2,166**	–
Proceeds from disposal of associates		**1,621**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**53**	335
Net cash generated from investing activities		**37,916**	24,296
Financing activities	43		
Interest paid on borrowings		**(15,818)**	(19,630)
Repayment of interest portion of the lease liabilities		**(171)**	(138)
Repayment of principal portion of the lease liabilities		**(1,263)**	(2,066)
New bank and other loans raised		**218,922**	240,399
Repayment of bank and other loans		**(215,945)**	(244,225)
Net cash used in financing activities		**(14,275)**	(25,660)
Net increase in cash and cash equivalents		**16,568**	20,187
Cash and cash equivalents at beginning of the year		**85,665**	71,346
Effect of foreign exchange rate changes on cash and cash equivalents		**293**	(5,868)
Cash and cash equivalents at end of the year		**102,526**	85,665
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**102,526**	85,665

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, trading of copper rods, properties holding, provision of financing service and holding of mining right. The Company, together with its subsidiaries are collectively referred to as the "Group".

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 on 1 July 2023

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting year of the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 7	Insurance Contract

Except as disclosed below, none of these new or amended HKFRSs have material impact on the Group's results and financial position for the current or prior years but affect the disclosure of accounting policies of the Group.

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

(a) Adoption of new/revised HKFRSs – effective on 1 July 2023 (continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(b) New Guidance on accounting implications of the abolition of the mandatory provident fund ("MPF") – long service payments ("LSP") offsetting mechanism in Hong Kong issued by the HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**the Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the MPF to offset severance payment ("**SP**") and LSP ("**the Abolition**"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("**the Transition Date**"). The following key changes will take effect since the Transition Date:

Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's MPF contributions and its LSP obligation, the accounting for offsetting mechanism could become material in light of the abolition, the HKICPA published 'Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong' ("**the Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 30 June 2023 and 2024, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

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

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

The following new/revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) (the "**2020 Amendments**")[1,2,6]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)[1,2]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability[4]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027
5 No mandatory effective date yet determined but available for adoption
6 As a consequence of the 2020 Amendments and 2022 Amendments, Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Except for the updated disclosures and presentation, the Group does not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permitted, but will need to be disclosed.

The Group does not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of preparation of consolidated financial statements and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values as explained in the accounting policies set out below.

The directors of the Company have given careful consideration to the going concern status of the Group in the preparation of the consolidated financial statements in light of the fact that the Group (i) incurred a loss of HK$89,247,000 for the year ended 30 June 2024, (ii) the Group's current liabilities exceeded its current assets by HK$46,135,000 as at 30 June 2024 and (iii) the Group had borrowings of HK$262,434,000 out of which HK$156,604,000 is repayable within the next twelve months after 30 June 2024 while the Group's cash and cash equivalents amounted to HK$102,526,000 as at 30 June 2024. For the purpose of assessing the appropriateness of the use of the going concern basis, the directors of the Company have prepared a cash flow projection covering a period from the end of the reporting period to 31 December 2025 (the "**Cash Flow Projection**") after taking the following considerations into account:

i. the Group will implement various measures to improve its profitability and cash flow from operations. These include, among others, negotiating with customers to improve the sales terms; selling products and/or exploring into geographical markets with higher profit margins; streamlining manpower and hence controlling staff costs; and tightening other general and administrative expenses;

ii. the Group had loan receivables with carrying amount of HK$114,431,000 as at 30 June 2024 which will be matured and receivable within the next twelve months after 30 June 2024. The Group intended to keep the cash that will be collected for internal use in order to improve the working capital and liquidity of the Group; and

iii. the Group has been negotiating with the financial institutions in the PRC for renewing the existing facilities and obtaining additional facilities. Given the good track records with the relevant financial institutions and the availability of sufficient assets as collaterals, the directors are of the opinion that the Group will successfully renew the existing borrowings upon expiry and would be able to obtain additional facilities.

The directors of the Company performed a sensitivity analysis on the gross profit margin by considering possible negative impact on the effectiveness of the measures to improve profitability and cash flow from operations to test the resilience of the forecasted liquidity and is satisfied that, based on the Cash Flow Projection, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of consolidated financial statements and going concern assumption (continued)

Notwithstanding the above, there are inherent uncertainties associated with outcome of the above considerations, including whether the Group is able to improve profitability given the economic and competitive environment in which the Group operates and the financial institutions in the PRC would renew existing and grant additional facilities. These indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Should the going concern assumption be inappropriate, adjustments would have to be made in the consolidated financial statements to write down the values of assets to their net realisable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at their proportionate share of the fair value of the acquired identifiable net assets at the date of acquisition. Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(d) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(e) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(f) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangements; or
- Joint operations: where the Group has both the rights to assets and obligation for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Buildings are depreciated over the shorter of the term of the lease or fifty years using the straight-line method.

Leasehold improvements are depreciated over the shorter of the remaining term of the lease or at 10% per annum using the straight-line method.

Depreciation is charged to write off the cost of property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Equipment, furniture and fixtures	20%–30%
Plant and machinery	20%
Motor vehicles	20%–30%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(h) Investment properties

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Mining right is stated at cost less subsequent accumulated amortisation and accumulated impairment losses. Amortisation of mining right is calculated to write off the cost less accumulated impairment losses on the unit-of-production method. Mining right is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(j) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss in profit or loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss.

(k) Inventories

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses incurred in bringing the inventories to their present location and condition, is assigned to inventories by the method most appropriate to the particular class of inventories, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial instruments

(i) Financial assets

Trade receivables are initially recognised when they are originated. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. All other instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("**ECL**") on trade debtors and other financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade debtors using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, depending on credit worthiness of debtors.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities at amortised cost. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred. They are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with accounting policy of borrowing costs below. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(n) Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

The investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Leases

Accounting as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities, except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset should be initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Depreciation is provided on straight-line basis over the lease terms.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(o) Leases (continued)

Accounting as a lessee (continued)

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

(p) Foreign currencies

Transactions entered into by group entities in currencies other than functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in HK$ using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve within equity. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of resources embodying economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of resources embodying economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

(r) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Sales of goods

Revenue from sale of goods is recognised at a point of time when the control of goods have been transferred to the buyer. There is generally only one performance obligation. Invoices are usually payable within 30 to 60 days. New customers are normally required to pay in advance. The advances received is recognised as contract liabilities.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(s) Employee benefits

Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions adopted that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Going concern consideration

The assessment of the going concern assumption involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the capability to continue as a going concern and the going concern assumption is set out in Note 3(b).

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at the end of each reporting period.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis or reducing balance method over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and the estimated residual values, if any, of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Reserve estimates, amortisation and impairment assessment of mining right

Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. The mine reserve estimates are updated at regular intervals taking into account technical information about the mine. In addition, as prices and costs levels change from year to year, the estimated mine reserves also change. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related amortisation rate. The process and the determination of appropriate amortisation method of mining right may require complex and difficult geological judgments and calculations to interpret the data as well as consideration of the production plan.

The Group's mining right is assessed annually to determine for any indication of further impairment or reversal of previously recognised impairment. Where an indicator of further impairment or reversal of impairment loss exists, a formal estimate of the recoverable amount of the CGU related to the mining right is made. The assessment requires the use of estimates and assumptions such as long-term selling prices, discount rates, future capital requirements and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mining right is determined as the present value of estimate future cash flows arising from the continued use of the mining right in mining operations, which includes estimates such as the cost of set-up of the mining infrastructures, operations of the mine and eventual disposal, using assumptions that an independent market participant may take into account which involve certain assumptions and inputs as set out in Note 18. Post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(e) Income taxes

The Group is subject to income taxes in various jurisdictions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(f) Impairment of property, plant and equipment and right-of-use assets

In determining whether an item of property, plant and equipment and right-of-use assets is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying amount of an asset or a CGU can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or CGU, or derecognition; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate; and (4) whether the calculation of the fair value less costs of disposal can be supported by available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less costs for disposing of the assets. Changing the assumptions and inputs selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(g) Valuation of investment properties

Investment properties, including those completed investment properties and investment properties under construction, are carried in the consolidated statement of financial position at their fair value, details of which are disclosed in Note 16. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent qualified valuer using property valuation techniques which involve certain assumptions and inputs as set out in Note 16. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties included in the consolidated statement of financial position and corresponding adjustments to the changes in fair value recognised in profit or loss. As at 30 June 2024, the carrying amount of investment properties was approximately HK$586,369,000 (2023: HK$669,164,000).

(h) Provision on ECL for trade debtors

The Group uses provision matrix to calculate ECL for the trade debtors. The expected loss rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade debtors are disclosed in Notes 5 and 23 respectively.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(i) Provision on ECL for other loans and receivables

The Group assesses at the end of the reporting period the ECLs of other loans and receivables in accordance with the three-stage model set out in accounting policy set out in Note 3(l) on individual or collectively basis, as appropriate. The Group estimates risk of default of the debtors and the ECL rates considering factors such as days past due of the receivables, debtors' creditworthiness, past repayment history, the realisable amount of the securities and the timing of future cash inflows, then adjusted for existing market condition including forward looking estimates at the end of the reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's other loans and receivables are disclosed in Notes 5 and 23 respectively.

(j) Impairment assessment of interests in associates and interests in joint ventures

The interests in associates and interests in joint ventures are subject to impairment review whenever there are indications that the carrying amount of the Group's interests may not be recoverable or impairment losses recognised in prior periods may have decreased. Where an indicator of further impairment or reversal of impairment loss exists, a formal estimate of the recoverable amount of the Group's interests in associates and interests in joint ventures is made. The calculation of the fair-value-less-costs-of-disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments in the normal course of the Group's business are foreign currency risk, credit risk, interest rate risk, liquidity risk, copper price risk and equity price risk. These risks are managed according to the Group's financial management policies and practices described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate.

The Group's main operations are in the PRC with most of the transactions settled in RMB, and the functional currency of the Company is HK$ whereas functional currency of the subsidiaries operating in the PRC is RMB. The management considers that the business is not exposed to any significant foreign currency risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

Credit risk

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group has no significant concentration of credit with exposure spread over a number of counterparties and customers.

Bank balances and cash are mainly deposited with registered banks in the PRC and Hong Kong. The Group has policies to limit its credit exposure to any financial institution. The directors consider the credit risk on bills receivables is low since the issuers or the banks which guarantee payments of bills receivables are of high credit rating. Accordingly, the ECLs for bank balances and cash and bills receivables were expected to be minimal.

The carrying amounts of debtors, other loans and receivables and deposits, financial assets at FVTPL, bank balances and cash included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets which carry significant exposure to credit risk.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(i) Impairment of trade debtors

The Group measures loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on days past due for groupings of customer segments that have similar loss patterns.

The following tables provide information about the Group's exposure to credit risk and ECLs for the trade debtors as at 30 June 2024 and 2023:

At 30 June 2024

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net amount HK$'000
Not yet past due	0.52%	73,578	383	73,195
1–30 days past due	0.52%	9,040	46	8,994
31–90 days past due	1.69%	1,595	27	1,568
Over 90 days past due	58.94%	867	511	356
		85,080	967	84,113

At 30 June 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net amount HK$'000
Not yet past due	0.81%	36,495	294	36,201
1–30 days past due	0.96%	13,368	128	13,240
31–90 days past due	2.51%	7,842	197	7,645
Over 90 days past due	54.35%	1,218	662	556
		58,923	1,281	57,642

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits

The Group measures loss allowances for other loans and receivables and deposits using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the "three-stage" model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

– If a significant increase in credit risk since initial recognition is identified, the financial asset is moved to "Stage 2" but it is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

– If the financial asset is credit-impaired (as defined in accounting policy at Note 3), the financial asset is then moved to "Stage 3". The ECL is measured on lifetime basis.

– At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables and deposits as at 30 June 2024 and 2023:

At 30 June 2024

	Expected loss rate %	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Loan receivables	1.52%	116,200	–	–	116,200	1,769
Other receivables and deposits	60.71%	10,036	–	18,575	28,611	17,370

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits (continued)

At 30 June 2023

	Expected loss rate %	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Loan receivables	0.80%	146,635	–	–	146,635	1,180
Other receivables and deposits	49.67%	12,344	–	18,598	30,942	15,370

Change in gross carrying amounts of other loans and receivables and deposits during the year ended 2024 and 2023 did not result in significant change in the loss allowance.

The movements in provision for impairment of loans receivables are as follows:

	12-month ECLs Stage 1 HK$'000	**Lifetime ECLs, non-credit impaired Stage 2** HK$'000	**Lifetime ECLs, credit impaired Stage 3** HK$'000	**Total** HK$'000
As at 1 July 2022	2,554	376	161	3,091
Reversal of expected credit loss recognised during the year	(1,227)	(362)	(155)	(1,744)
Exchange realignment	(147)	(14)	(6)	(167)
As at 30 June 2023 and 1 July 2023	**1,180**	**–**	**–**	**1,180**
Expected credit loss recognised during the year	**604**	**–**	**–**	**604**
Exchange realignment	**(15)**	**–**	**–**	**(15)**
As at 30 June 2024	**1,769**	**–**	**–**	**1,769**

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits (continued)

The movements in provision for impairment of other receivables and deposits are as follows:

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs, non-credit impaired Stage 2 HK$'000	Lifetime ECLs, credit impaired Stage 3 HK$'000	Total HK$'000
As at 1 July 2022	37	–	24,807	24,844
Written off during the year	–	–	(15,794)	(15,794)
Expected credit loss recognised during the year	17	–	7,002	7,019
Exchange realignment	(2)	–	(697)	(699)
As at 30 June 2023 and 1 July 2023	**52**	**–**	**15,318**	**15,370**
Expected credit loss recognised during the year	**59**	**–**	**1,965**	**2,024**
Exchange realignment	**(1)**	**–**	**(23)**	**(24)**
As at 30 June 2024	**110**	**–**	**17,260**	**17,370**

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk relates primarily to the Group's floating-rate borrowings (Note 30).

Management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the interest rate risk.

At 30 June 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year (2023: increase/decrease the Group's loss for the year) and the accumulated losses by approximately HK$2,073,000 (2023: HK$2,473,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 30 June 2023.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group incurred a loss of HK$89,247,000 for the year ended 30 June 2024, the Group's current liabilities exceeded its current assets by HK$46,135,000 as at 30 June 2024 and the Group had borrowings of HK$262,434,000 out of which HK$156,604,000 is repayable within the next twelve months after 30 June 2024 while the Group's cash and cash equivalents amounted to HK$102,526,000 as at 30 June 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

For the purpose of assessing the appropriateness of the use of the going concern basis, the directors of the Company have prepared a cash flow projection covering a period from the end of the reporting period to 31 December 2025. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures summarised in note 3(b) to the consolidated financial statements have been undertaken to mitigate the liquidity pressure to improve the financial position of the Group.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturities for its financial liabilities as at the end of reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 30 June 2024					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	241,085	241,085	236,797	4,288	–
Lease liabilities	1,797	1,900	1,200	700	–
Borrowings	262,434	323,805	170,834	19,287	133,684
	505,316	566,790	408,831	24,275	133,684

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 30 June 2023					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	202,820	202,820	195,486	7,334	–
Lease liabilities	3,060	3,335	1,435	1,200	700
Borrowings	260,941	348,041	149,339	34,362	164,340
	466,821	554,196	346,260	42,896	165,040
Derivative financial liabilities					
Derivative financial liabilities	177	177	177	–	–

Copper price risk

The Group is exposed to price risk of copper rods, which are the major raw materials for the production process. To mitigate the copper price risk, the Group has entered into copper future contracts to hedge against the fluctuations of copper price. Details of the copper future contracts outstanding at the end of reporting period are set out in Note 26.

At 30 June 2024, the Group was not exposed to significant copper price risk as there was no outstanding copper futures contract.

At 30 June 2023, it is estimated that a general increase/decrease of 10% in copper future contract price, with all other variables held constant, would decrease/increase the Group's loss for the year ended 30 June 2023 and accumulated losses by approximately HK$800,000 in respect of the instruments outstanding throughout the year ended 30 June 2023.

The sensitivity analysis above has been determined assuming that the change in copper future contract price had occurred at the end of reporting period and had been applied to the exposure to copper future contract price risk for both derivative and non-derivative financial instruments in existence at that date. The 10% increase or decrease represents management's assessment of a reasonably possible change in copper future contract price over the period until the next annual reporting date.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Equity price risk

The Group is exposed to equity price changes arising from financial assets at FVTPL held for trading purpose.

The Group's listed investments are listed on the Stock Exchange. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the index of the Stock Exchange and other industry indicators, as well as the Group's liquidity needs.

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. At 30 June 2024, it was estimated that a general increase/decrease of 10% in equity price, with all other variables held constant, would decrease/increase the Group's loss for the year and accumulated losses by HK$380,000 (2023: decrease/increase the Group's loss for the year and accumulated losses by HK$593,000).

(b) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding fair values.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value (continued)

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial instruments measured at fair value at 30 June 2024 and 2023:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Asset				
Financial assets at FVTPL	**3,800**	**–**	**–**	**3,800**

	2023			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Asset				
Financial assets at FVTPL	5,930	–	–	5,930
Liability				
Copper future contracts	177	–	–	177

6. REVENUE

Revenue derived from the Group's principal activities comprises of the followings:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers:		
Sales of goods	**785,198**	362,204
Revenue from other sources:		
Rental income	**10,502**	12,112
	795,700	374,316

7. SEGMENTAL INFORMATION

(a) Reportable segments

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

The Group has three 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) trading of copper rods; and

(iii) 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 2023 and 2024 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 on adjusted profit/loss before taxation. The adjusted profit/loss before taxation is measured consistently with the Group's profit/loss before taxation except that gain/(loss) on disposal of property, plant and equipment, gain on disposal of right-of-use assets, change in fair value of derivative financial instruments, reversal of impairment loss/(impairment loss) on intangible asset of mining right, share of results of associates and joint ventures as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude intangible asset of mining right, interests in associates and joint ventures, other unallocated head office and corporate assets as these assets are managed on a group basis.

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

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2024

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Revenue from external customers	248,137	537,061	10,502	795,700
Inter-segment revenue	–	–	–	–
Reportable segment revenue	248,137	537,061	10,502	795,700
Reportable segment loss	(1,339)	(1,414)	(93,705)	(96,458)
Finance costs				
– allocated	(8,701)	–	(10,779)	(19,480)
– unallocated				(173)
				(19,653)
Write back of other payables	7,498	–	–	7,498
Change in fair value of investment properties, net	–	–	(86,834)	(86,834)
(Expected credit loss)/reversal of expected credit loss recognised, net				
– allocated	(361)	10	(293)	(644)
– unallocated				(1,673)
				(2,317)
Depreciation of right-of-use assets				
– allocated	(1)	–	(177)	(178)
– unallocated				(1,179)
				(1,357)
Depreciation of property, plant and equipment				
– allocated	(3,573)	(58)	–	(3,631)
– unallocated				(64)
				(3,695)
Research and development expenses	(29,490)	–	–	(29,490)
Income tax credit	–	–	21,709	21,709

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2023

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Revenue from external customers	205,120	157,084	12,112	374,316
Inter-segment revenue	–	–	–	–
Reportable segment revenue	205,120	157,084	12,112	374,316
Reportable segment (loss)/profit	(38,687)	(10,157)	8,657	(40,187)
Finance costs				
– allocated	(8,966)	(8,960)	(1,703)	(19,629)
– unallocated				(139)
				(19,768)
Change in fair value of derivative financial instruments, net				
– allocated	226	–	–	226
– unallocated				(164)
				62
Change in fair value of investment properties, net	–	–	(1,262)	(1,262)
Loss on disposal of property, plant and equipment				
– allocated	(910)	–	–	(910)
– unallocated				(30)
				(940)
Loss on disposal of investment properties	–	–	(2,200)	(2,200)
Reversal of expected credit loss/(expected credit loss) recognised, net				
– allocated	2,029	(6)	(1,206)	817
– unallocated				(5,426)
				(4,609)
Depreciation of right-of-use assets				
– allocated	(4)	–	(184)	(188)
– unallocated				(1,886)
				(2,074)
Depreciation of property, plant and equipment				
– allocated	(3,458)	(216)	(73)	(3,747)
– unallocated				(277)
				(4,024)
Research and development expenses	(15,466)	–	–	(15,466)
Income tax (expense)/credit	(12,877)	–	316	(12,561)

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

As at 30 June 2024

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Reportable segment assets	**345,070**	**13,816**	**589,922**	**948,808**
Additions to non-current assets	**1,723**	**–**	**7,023**	**8,746**
Reportable segment liabilities	**281,877**	**711**	**280,404**	**562,992**

As at 30 June 2023

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Reportable segment assets	295,305	54,753	672,949	1,023,007
Additions to non-current assets	–	1,480	38,156	39,636
Reportable segment liabilities	208,768	29,364	308,019	546,151

7. SEGMENTAL INFORMATION (continued)

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

	2024 HK$'000	2023 HK$'000
For the year ended 30 June		
Loss before taxation		
Reportable segment loss	(96,458)	(40,187)
Gain/(loss) on disposal of property, plant and equipment	2,113	(30)
Gain on disposal of right-of-use assets	2,100	1,809
Change in fair value of derivative financial instruments	148	(164)
Reversal of impairment loss/(impairment loss) on intangible asset	1,087	(92,044)
Share of results of associates	574	(643)
Share of results of joint ventures	1,142	(7,086)
Unallocated finance costs	(173)	(139)
Unallocated corporate expenses	(21,489)	(25,714)
Consolidated loss before taxation	(110,956)	(164,198)
At 30 June		
Assets		
Reportable segment assets	948,808	1,023,007
Intangible asset	395,849	394,772
Interests in associates	745	2,757
Interests in joint ventures	3,106	1,956
Unallocated bank balances and cash	4,400	4,175
Unallocated corporate assets	14,407	20,193
Consolidated total assets	1,367,315	1,446,860
Liabilities		
Reportable segment liabilities	562,992	546,151
Unallocated corporate liabilities	5,597	12,554
Consolidated total liabilities	568,589	558,705

7. SEGMENTAL INFORMATION (continued)

(c) Geographical information

The Group's operations are conducted in Hong Kong, the PRC, Americas, Europe, Mongolia and other countries.

The following table provides an analysis of the Group's revenue from external customers and non-current assets.

	Revenue from external customers		Specified non-current assets	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**675,323**	264,041	**605,699**	690,149
Americas	**30,439**	29,548	**–**	–
Europe	**42,039**	33,770	**–**	–
Hong Kong	**15,116**	17,977	**3,229**	5,138
Mongolia	**–**	–	**398,955**	396,728
Others	**32,783**	28,980	**745**	2,757
	795,700	374,316	**1,008,628**	1,094,772

The revenue information above is based on the locations of the customers. The non-current asset information above is based on the locations of the assets.

(d) Disaggregation of revenue by timing of revenue recognition

For the year ended 30 June 2024

	Cables and wires HK$'000	**Copper rods HK$'000**	**Investment properties HK$'000**	**Total HK$'000**
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	**248,137**	**537,061**	**–**	**785,198**
Transferred over time	**–**	**–**	**–**	**–**
	248,137	**537,061**	**–**	**785,198**
Revenue from other sources	**–**	**–**	**10,502**	**10,502**
	248,137	**537,061**	**10,502**	**795,700**

7. SEGMENTAL INFORMATION (continued)

(d) Disaggregation of revenue by timing of revenue recognition (continued)

For the year ended 30 June 2023

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Total HK$'000
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	205,120	157,084	–	362,204
Transferred over time	–	–	–	–
	205,120	157,084	–	362,204
Revenue from other sources	–	–	12,112	12,112
	205,120	157,084	12,112	374,316

(e) Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	2024 HK$'000	2023 HK$'000
Copper rods segment		
Customer A	**N/A***	51,344
Customer B	**N/A***	45,950

* The corresponding customers did not contribute over 10% of the total revenue of the Group for the year ended 30 June 2024.

8. LOSS BEFORE TAXATION

Loss from taxation is arrived at after charging/(crediting) the followings:

	2024 HK$'000	2023 HK$'000
Auditor's remuneration	2,160	2,150
Depreciation of property, plant and equipment	3,695	4,024
Depreciation of right-of-use assets	1,357	2,074
Carrying amount of inventories sold	728,825	361,445
(Reversal of write-down)/write-down of inventories	(349)	716
Cost of inventories recognised as expenses (Note)	728,476	362,161
Direct operating expenses arising from investment properties that generated and did not generate rental income during the year	105	2
Write back of other payables	(7,498)	–
(Gain)/loss on disposal of property, plant and equipment	(2,113)	940
Loss on disposal of investment properties	–	2,200
Gain on disposal of right-of-use assets	(2,100)	(1,809)
Loss on disposal of associates	1,235	–
Exchange difference, net	(341)	(5,011)
Government subsidies	–	(304)
Research and development expenses	29,490	15,466
Staff costs (including directors' remuneration (Note 9))	44,043	45,441

Note:

Included in cost of inventories recognised as expenses were HK$16,775,000 and HK$2,327,000 (2023: HK$23,656,000 and HK$2,602,000) relating to staff costs and depreciation of property, plant and equipment respectively. The amounts were also included in the respective total amounts as separately disclosed above.

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals for the year were as follows:

	Fees		Salaries and other benefits		Equity-settled share-based payment expenses		Retirement benefit scheme contributions		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Directors										
Chau Lai Him	**–**	–	**7,150**	7,150	**27**	–	**–**	–	**7,177**	7,150
Chau Chi Ho	**–**	–	**1,196**	1,196	**27**	–	**18**	18	**1,241**	1,214
Liu Dong Yang	**331**	331	**–**	183	**27**	–	**–**	63	**358**	577
Chung Kam Kwong	**454**	454	**–**	–	**2**	–	**–**	–	**456**	454
Lo Wai Ming	**282**	282	**–**	–	**2**	–	**–**	–	**284**	282
Lo Chao Ming	**104**	104	**–**	–	**2**	–	**–**	–	**106**	104
	1,171	1,171	**8,346**	8,529	**87**	–	**18**	81	**9,622**	9,781

There was no arrangement under which a director waived or agreed to waive any remuneration, and neither incentive payment nor compensation for loss of office was paid to a director during the current and prior years.

The five highest paid individuals of the Group include two (2023: two) executive directors of the Company, details of whose remuneration are included above. The emoluments of the three (2023: three) non-director individuals were as follows:

	2024	2023
	HK$'000	HK$'000
Salaries and other benefits	**3,125**	3,268
Contributions to retirement benefit schemes	**67**	67
	3,192	3,335

Remuneration of these individuals was within the following bands:

	Number of individuals	
	2024	2023
Nil–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**2**	2

The emoluments paid or payable to members of senior management were within the following bands:

	Number of individuals	
	2024	2023
Nil–HK$1,000,000	**5**	6
HK$1,000,001–HK$1,500,000	**3**	3
HK$7,000,001–HK$7,500,000	**1**	1

10. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on borrowings	15,818	19,630
Interest on lease liabilities (Note 17)	171	138
Interest on overdue trade and other payables	3,519	–
Others	145	–
	19,653	19,768

11. INCOME TAX (CREDIT)/EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax for the year		
Hong Kong Profits Tax		
– provision for the year	–	–
Taxation in other jurisdictions:		
– provision for the year	–	–
	–	–
Deferred tax for the year (Note 31)	(21,709)	12,561
	(21,709)	12,561

For the year ended 30 June 2024, no provision for Hong Kong Profits Tax has been provided as there is sufficient tax losses to offset with the assessable profits. For the year ended 30 June 2023, no provision for Hong Kong Profits Tax has been provided as there is no assessable profit arising in Hong Kong.

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 corporate income tax for enterprises in the PRC is calculated at the applicable standard rate of 25% for both 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.

11. INCOME TAX (CREDIT)/EXPENSE (continued)

Reconciliation between income tax (credit)/expense for the year and loss before taxation presented in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2024 HK$'000	2023 HK$'000
Loss before taxation	**(110,956)**	(164,198)
Tax calculated at the rates applicable to the tax jurisdictions concerned	**(24,572)**	(36,393)
Tax effect of expenses not deductible for tax purpose	**6,925**	28,856
Tax effect of income not taxable for tax purpose	**(1,221)**	(1,063)
Deduction of research and development cost	**(4,477)**	(2,381)
Tax effect of tax losses not recognised	**5,064**	8,537
Utilisation of tax losses previously not recognised	**(3,139)**	–
Write-down of deferred tax assets recognised in prior year	**–**	12,877
Tax effect of temporary difference not recognised	**140**	195
Tax effect on share of results of associates	**(144)**	161
Tax effect on share of results of joint ventures	**(285)**	1,772
Income tax (credit)/expense for the year	**(21,709)**	12,561

12. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024 HK$'000	2023 HK$'000
Other income		
Other rental income	**58**	134
Government subsidies (Note)	**–**	304
Write back of other payables	**7,498**	–
Others	**124**	789
	7,680	1,227
Other gains/(losses), net		
Gain/(loss) on disposal of property, plant and equipment	**2,113**	(940)
Gain on disposal of right-of-use assets	**2,100**	1,809
Loss on disposal of associates	**(1,235)**	–
Loss on disposal of investment properties	**–**	(2,200)
Others	**204**	321
	3,182	(1,010)
	10,862	217

Note:

For the year ended 30 June 2023, government subsidies mainly related to wage subsidies from government under the Employment Support Scheme ("**ESS**"). Under the term of the ESS, the Group was not allowed to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

13. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2024 and 2023.

14. 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:

	2024	2023
	HK$'000	HK$'000
Loss		
Loss for the year attributable to the owners of the Company	**(88,516)**	(176,246)

	2024	2023
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**118,726,617**	118,726,617

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the years ended 30 June 2024 and 2023 has been adjusted/restated to reflect the effect of the share consolidation took place during the year ended 30 June 2024 as disclosed in Note 33.

The computation of diluted loss per share for the years ended 30 June 2024 and 2023 does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share. Therefore, the diluted loss per share was the same as the basic loss per share for the years ended 30 June 2024 and 2023.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST:						
At 1 July 2022	33,882	23,781	38,715	154,652	21,013	272,043
Additions	–	1,426	550	930	–	2,906
Disposals	(205)	(2,297)	(5,324)	(2,541)	(4,866)	(15,233)
Disposal of a subsidiary (Note 32)	–	–	(815)	(5,577)	(6,953)	(13,345)
Exchange realignment	(2,603)	(1,654)	(1,612)	(9,590)	(924)	(16,383)
At 30 June 2023 and 1 July 2023	**31,074**	**21,256**	**31,514**	**137,874**	**8,270**	**229,988**
Additions	**–**	**–**	**558**	**1,165**	**–**	**1,723**
Disposals	**(123)**	**–**	**–**	**–**	**–**	**(123)**
Exchange realignment	**(172)**	**(109)**	**(97)**	**(624)**	**(43)**	**(1,045)**
At 30 June 2024	**30,779**	**21,147**	**31,975**	**138,415**	**8,227**	**230,543**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
At 1 July 2022	33,701	19,767	37,120	140,248	19,749	250,585
Depreciation	2	570	363	2,613	476	4,024
Disposals	(92)	(2,297)	(4,757)	(2,250)	(4,825)	(14,221)
Disposal of a subsidiary (Note 32)	–	–	(815)	(5,577)	(6,837)	(13,229)
Exchange realignment	(2,603)	(1,357)	(1,499)	(8,545)	(876)	(14,880)
At 30 June 2023 and 1 July 2023	**31,008**	**16,683**	**30,412**	**126,489**	**7,687**	**212,279**
Depreciation	**1**	**797**	**394**	**2,307**	**196**	**3,695**
Disposals	**(57)**	**–**	**–**	**–**	**–**	**(57)**
Exchange realignment	**(173)**	**(93)**	**(89)**	**(572)**	**(41)**	**(968)**
At 30 June 2024	**30,779**	**17,387**	**30,717**	**128,224**	**7,842**	**214,949**
NET CARRYING AMOUNT:						
At 30 June 2024	**–**	**3,760**	**1,258**	**10,191**	**385**	**15,594**
At 30 June 2023	66	4,573	1,102	11,385	583	17,709

As at 30 June 2024, the Group pledged property, plant and equipment with net carrying amount of HK$5,929,000 (2023: HK$Nil) to secure the borrowings of the Group (Note 30).

16. INVESTMENT PROPERTIES

	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
At 1 July 2022	362,592	404,627	767,219
Additions	–	38,156	38,156
Change in fair value	(17,669)	16,407	(1,262)
Disposals	(52,200)	–	(52,200)
Disposal of a subsidiary (Note 32)	(26,870)	–	(26,870)
Exchange realignment	(22,027)	(33,852)	(55,879)
At 30 June 2023 and 1 July 2023	**243,826**	**425,338**	**669,164**
Additions	**–**	**7,023**	**7,023**
Change in fair value	**(33,525)**	**(53,309)**	**(86,834)**
Exchange realignment	**(1,045)**	**(1,939)**	**(2,984)**
At 30 June 2024	**209,256**	**377,113**	**586,369**

The Group's investment properties were valued at 30 June 2024 by Peak Vision Appraisals Limited ("**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.

(i) investment approach by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies;

(ii) direct comparison approach by making reference to comparable sales evidence available as in the relevant market; or

(iii) depreciated replacement cost approach by making reference to the market value of comparable land and the estimated replacement cost of the buildings.

These valuations gave rise to net fair value loss of HK$86,834,000 (2023: HK$1,262,000) 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 is ranging from 4.0% to 7.8% (2023: ranging from 6.1% to 7.8%), reversionary yield ranging from 7.5% to 9.0% (2023: 7.3% to 9.1%) and average market unit rent per month ranging from RMB8 to RMB15 (2023: RMB11 to RMB19) per square metre are adopted for the industrial buildings.

16. INVESTMENT PROPERTIES (continued)

Under the direct comparison approach, significant inputs of the Group's industrial buildings in the PRC include price per square metre of RMB274 to RMB2,218 (2023: RMB284 to RMB2,295) adjusted for a range from a discount of 15% to a discount of 42% (2023: from a discount of 11% to a discount to 40%) specific to the location of the Group's industrial building located in the PRC compared to recent sales on the comparable transactions.

Under the depreciated replacement cost approach, the estimated replacement cost per square metre adopted is from RMB835 (2023: RMB835 per square metre).

The fair value measurement of investment properties is (i) negatively correlated to the term yield and reversionary yield and positively correlated to average market unit rent per month under the investment approach; (ii) 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; and (iii) positively correlated to the estimated replacement cost under the depreciated replacement cost 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. The losses 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.

As at 30 June 2024, the Group pledged investment properties with aggregate carrying amount of HK$552,538,000 (2023: HK631,086,000) to secure the borrowings of the Group (Note 30).

During the year ended 30 June 2023, a loss on disposal of investment properties of HK$2,200,000 was recognised in profit or loss and a release of property revaluation reserve of HK$6,180,000 to the Group's accumulated losses upon the disposal of investment properties.

17. LEASES

(a) The Group as lessee

The Group has lease contracts for office buildings and motor vehicles. Lump sum payments were made upfront to acquire the interests in the leasehold land in the PRC. Leases of office buildings generally have lease terms ranging from one to three years and lease payments are fixed over the lease terms. There is no extension options, variable lease payments nor restrictions or covenants included in these agreements.

(i) Right-of-use assets

The movements of the carrying amounts of the Group's right-of-use assets during the year are set out below:

	Leasehold land	Buildings	Motor vehicle	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2022	5,910	1,270	727	7,907
Additions	–	3,135	–	3,135
Disposals	(115)	–	–	(115)
Depreciation	(188)	(1,705)	(181)	(2,074)
Exchange realignment	(439)	–	–	(439)
As at 30 June 2023 and 1 July 2023	**5,168**	**2,700**	**546**	**8,414**
Disposals	**(66)**	**–**	**–**	**(66)**
Depreciation	**(178)**	**(1,045)**	**(134)**	**(1,357)**
Exchange realignment	**(26)**	**–**	**–**	**(26)**
As at 30 June 2024	**4,898**	**1,655**	**412**	**6,965**

17. LEASES (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities

	2024 HK$'000	2023 HK$'000
At 1 July	3,060	1,991
New leases	–	3,135
Interest expenses	171	138
Lease payments	(1,434)	(2,204)
At 30 June	1,797	3,060
Classified under:		
Non-current portion	687	1,798
Current portion	1,110	1,262
	1,797	3,060

At 30 June 2024, the undiscounted lease payments by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2024		
	Future lease payments HK$'000	Interest HK$'000	Present value HK$'000
Within one year	1,200	90	1,110
After one year but within two years	700	13	687
	1,900	103	1,797

17. LEASES (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities (continued)

	2023		
	Future lease payments HK$'000	Interest HK$'000	Present value HK$'000
Within one year	1,435	173	1,262
After one year but within two years	1,200	90	1,110
After two years but within five years	700	12	688
	3,335	275	3,060

(b) The Group as lessor

The Group leases out its investment properties under operating lease arrangements with leases negotiated for initial period ranging from one year to ten years (2023: one year to ten years). As at 30 June 2024, the Group had contracted with tenants for the following future lease payments receivable:

	2024 **HK$'000**	2023 HK$'000
Within one year	**3,994**	7,770
In the second year	**1,753**	6,674
In the third year	**1,867**	223
In the fourth year	**1,867**	82
In the fifth year	**1,867**	82
Over five years	**933**	124
	12,281	14,955

18. INTANGIBLE ASSET

	Mining right HK$'000
COST:	
At 1 July 2022	1,167,718
Exchange realignment	(4)
At 30 June 2023 and 1 July 2023	**1,167,714**
Exchange realignment	**(10)**
At 30 June 2024	**1,167,704**
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2022	680,898
Impairment	92,044
At 30 June 2023 and 1 July 2023	**772,942**
Reversal of impairment	**(1,087)**
At 30 June 2024	**771,855**
NET CARRYING AMOUNT:	
At 30 June 2024	**395,849**
At 30 June 2023	394,772

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 or impairment losses recognised in prior periods may have decreased.

During the year ended 30 June 2024, the directors of the Company have engaged Peak Vision in determining the recoverable amount of the CGU 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 9 years, which is estimated to be the entire period of mining activities. There has been no change from the valuation technique used in prior year.

18. INTANGIBLE ASSETS (continued)

The key assumptions used in the cash flow projection are as follows:

At 30 June 2024, management analysed changes in the economic environment and performed an impairment test for Mining CGU at 30 June 2024 using the following key assumptions to determine the recoverable amount:

– In determining the revenue growth, a constant of the production level is expected in the cash flow projection periods;

– Total production was estimated based on average sustainable production levels of 20,000 metric tonnes of primary copper cathode per annum, of 2,093,000 tonnes of ores. The ores will be used primarily for the production of the primary copper cathode;

– Budgeted average gross margins 52% in the cash flow projection periods based on management expectations of market development and estimated mineral resources reserves based on technical report;

– The unit market price of copper cathode was US$8,444 per tonne with reference to the future copper price at the end of each forecast period predicted by the World Bank;

– The post-tax discount rate was estimated in real terms based on the weighted average cost of capital basis and was 24.77%. In determining the discount rate, the weighted average cost of capital was used, which is based on capital asset pricing model and determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparable;

– Set-up costs, including but not limited to work in relation to the construction of processing plant, office, storage for explosive materials, staff accommodation and other ancillary work, were projected based on the technical report adjusted for inflation. It is expected that the set-up period is approximately 3 years;

– Operating costs such as processing, transportation and administrative costs were projected based on the feasibility study report adjusted for inflation; and

– For the estimation of inflation rate, inflation rates relevant to the global and local Mongolian economy are taken as reference.

Values assigned to key assumptions and estimates used to measure Mining CGU's recoverable amount based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

– A 10% reduction in the projected copper price level would result in a decrease in the recoverable amount by 30% and would lead to an impairment of HK$116,617,000; and

– A 10% increase in the post-tax discount rate (i.e. increased from 24.77% to 27.25%) would result in a decrease in the recoverable amount by 16% and would lead to an impairment of HK$63,545,000.

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

18. INTANGIBLE ASSETS (continued)

As at 30 June 2024, the recoverable amount of the Mining CGU was HK$395,849,000 which was higher than the carrying amount of HK$394,762,000 as a result of the net effect of the increase in forecasted copper price offset by increase in forecasted operating costs due to increase in forecasted Mongolia inflation rate, and hence, a resultant increase in forecasted future net cash inflows. Accordingly, a reversal of impairment losses on Mining CGU of approximately HK$1,087,000 is recognised in profit or loss for the year ended 30 June 2024.

As at 30 June 2023, in view of the continuously decrease in the copper price and increase in the Mongolia inflation rate, the recoverable amount of the Mining CGU is HK$394,772,000, which is lower than the carrying amount of HK$486,816,000. Accordingly, impairment losses on Mining CGU of approximately HK$92,044,000 is recognised in profit or loss for the year ended 30 June 2023. The impairment loss is primary attributed to the decrease in the recoverable amount of the Mining CGU, which is due to the decrease in copper price and increase in Mongolia inflation rate, and hence a corresponding decrease in future net cash inflows.

19. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries as at the end of reporting period are set out below:

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company		Principal activities
				Directly	Indirectly	
Chau's Electrical (BVI) Company Limited	Limited liability company	British Virgin Islands ("**BVI**")/PRC	1 share of US$1	–	100%	Property holding
Chau's Electrical Company Limited	Limited liability company	Hong Kong ("**HK**")	HK$1,000 ordinary HK$500,000 non-voting deferred (Note (a))	–	100%	Trading of cable and wire products
Chau's Industrial Investments Limited	Limited liability company	BVI	US$1,000	100%	–	Investment holding
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd.	Wholly-owned foreign enterprise	PRC	Registered capital of US$21,925,000 and paid-up capital of US$20,025,000	–	100%	Trading of copper products and Property holding
東莞橋梓周氏電業有限公司 Dongguan Qiaozi Chau's Electrical Co., Ltd	Wholly-owned foreign enterprise	PRC	HK$6,810,000	–	100%	Manufacture and trading of cable and wire products
Gosberton Assets Limited	Limited liability company	BVI	US$1	–	100%	Holding of trademarks

19. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company Directly	Indirectly	Principal activities
Great Measure Investments Limited	Limited liability company	BVI	US$1	100%	–	Investment holding
Hua Yi Copper Products Company Limited	Limited liability company	HK	HK$5,000,000	–	100%	Investment holding
Ikh Shijir Erdene LLC	Limited liability company	The State of Mongolia	US$100,000	–	100%	Mining business (not yet commenced)
Sun Progress Limited	Limited liability company	BVI	US$1	–	100%	Investment holding
廉江市周氏石材有限公司 Lianjiang Zhou's Marble Limited ("**Zhou's Marble**")	Limited liability company	PRC	RMB10,000,000	–	80%	Property holding (not yet commenced)

Notes:

(a) The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding up.

(b) Except for Chau's Industrial Investments Limited and Great Measure Investments Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries issued any debt security at the end of reporting period.

20. INTERESTS IN ASSOCIATES

	2024 **HK$'000**	2023 HK$'000
Share of net assets	**745**	2,757

20. INTERESTS IN ASSOCIATES (continued)

Particulars of the Group's associates as at 30 June 2024 and 2023 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of effective interest held by the Group	Principal activities
Idea Advertising Holdings Ltd.#	Limited liability company	BVI	49% (direct)	Investment holding
Idea Advertising Hong Kong Company Ltd.#	Limited liability company	Hong Kong	49% (indirect)	Inactive
Ocean Pride Ventures Limited*	Limited liability company	BVI	17% (direct)	Investment holding
Vietta Investment Holdings Limited*	Limited liability company	Hong Kong	17% (indirect)	Investment holding
江門市健輝照明科技有限公司*	Limited liability company	PRC	17% (indirect)	Investment holding
江門市博林照明科技有限公司*	Limited liability company	PRC	17% (indirect)	Research, development, processing and sales of some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC
中山市博林電子科技有限公司*	Limited liability company	PRC	17% (indirect)	Research, development, processing and sales of some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC

Collectively known as the "Idea Group"
* Collectively known as the "Ocean Pride Group" and was disposed during the year ended 30 June 2024

20. INTERESTS IN ASSOCIATES (continued)

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

Idea Group

Summarised financial information in relation to the Idea Group is presented below:

	2024 HK$'000	2023 HK$'000
At 30 June		
Total non-current assets	–	–
Total current assets	1,521	971
Total current liabilities	–	(178)
Total non-current liabilities	–	–
Net assets	1,521	793
Proportion of effective interest held by the Group	49%	49%
Group's share of net assets of associates	745	389
For the year ended 30 June		
Revenue	–	–
Profit/(loss) from operations and total comprehensive income for the year	727	(2,015)
Share of results of associates	356	(987)

As at 30 June 2024, no impairment indicator was identified for the Idea Group. Accordingly, no impairment assessment to determine the recoverable amount of the Idea Group was considered necessary.

During the year ended 30 June 2023, the recoverable amount of the Idea Group was determined by the directors of the Company based on fair value less cost of disposal calculations.

As at 30 June 2023, the carrying amount of the Idea Group, before impairment, approximate its recoverable amount based on the above assessment. Accordingly, no impairment loss on interest in associates was recognised in profit or loss.

20. INTERESTS IN ASSOCIATES (continued)

Ocean Pride Group

On 30 April 2024, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent purchaser to dispose of its 17% equity interest in the Ocean Pride Group (the "**Disposal**"), at the consideration of RMB1,500,000 (equivalent to HK$1,621,000) in cash. On 14 May 2024, the Disposal was completed and a loss on disposal of HK$1,235,000 was recognised in profit or loss for the year ended 30 June 2024 as follows:

	HK$'000
Carrying amount of interest in the Ocean Pride Group as at 1 July 2023	2,368
Share of results of the Ocean Pride Group	218
Share of other comprehensive income of the Ocean Pride Group	(17)
Carrying amount of interest in the Ocean Pride Group as at 14 May 2024	2,569
Cumulative exchange differences in respect of the net assets of the Ocean Pride Group reclassified from equity to profit or loss on disposal of the Ocean Pride Group	287
Loss on disposal	(1,235)
Total consideration	1,621

Summarised financial information in relation to the Ocean Pride Group is presented below:

	2023 HK$'000
At 30 June	
Total non-current assets	6,627
Total current assets	51,775
Total current liabilities	(39,214)
Total non-current liabilities	(5,257)
Net assets	13,931
Proportion of effective interest held by the Group	17%
Group's share of net assets of associates	2,368

20. INTERESTS IN ASSOCIATES (continued)

Ocean Pride Group (Continued)

	Period from 1 July 2023 to 14 May 2024 HK$'000	Year ended 30 June 2023 HK$'000
Revenue	**142,916**	100,442
Profit from operations	**1,280**	2,021
Other comprehensive income	**(99)**	(1,627)
Total comprehensive income for the year	**1,181**	394
Share of results of associates	**218**	344
Share of other comprehensive income of associates	**(17)**	(277)

During the year ended 30 June 2023, the recoverable amount of the Ocean Pride Group was 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 budgets approved by management covering a five-year period. The cash flow beyond the five-year period were extrapolated using a steady growth rate of 2%, which was based on the relevant industry growth rate and did not exceed the average long-term growth rate for the business in which the associate operates. The pre-tax discount rate adopted in the calculation was 19.19%.

As at 30 June 2023, the recoverable amount of interests in the Ocean Pride Group exceeded its carrying amount based on the above assessment. Accordingly, no impairment loss on interest in associates was recognised in profit or loss.

21. INTERESTS IN JOINT VENTURES

	2024	2023
	HK$'000	HK$'000
Share of net assets	**3,106**	1,956

Particulars of the Group's joint ventures as at 30 June 2024 are as follows:

Name of joint venture	Place of incorporation/ 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 Group has joint control over the arrangements as unanimous consent is required from all parties to the arrangements for the relevant activities of the aforesaid companies. The contractual arrangement in relation to the aforesaid companies provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with these companies.

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

During the year, the recoverable amount of the Group's joint ventures was determined by the directors of the Company based on fair-value-less-costs-of-disposal basis with reference to a professional valuation performed by Peak Vision. The calculation used cash flow projection for a period of 17 years, discounted by the post-tax discount rate of 25.73% (2023: 25.47%). 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.

As at 30 June 2024 and 2023, the recoverable amount of interests in the Group's joint ventures exceed its carrying amount based on the above assessment. Accordingly, no impairment loss on interests in joint ventures is recognised in profit or loss.

21. INTERESTS IN JOINT VENTURES (continued)

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

	2024 HK$'000	2023 HK$'000
At 30 June		
Total non-current assets	53,660	42,125
Cash and cash equivalents	5	2
Other current assets	155	155
Total current assets	160	157
Total current liabilities	(22,760)	(22,718)
Total non-current liabilities	–	–
Net assets	31,060	19,564
Reconciliation to the Group's interests in joint ventures:		
Proportion of effective interest held by the Group	10%	10%
Group's share of net assets of the joint ventures	3,106	1,956
For the year ended 30 June		
Revenue	–	–
Exploration expenses	–	(34)
Reversal of impairment loss/(impairment loss) on mining right	11,535	(70,758)
Other expenses	(117)	(71)
Profit/(loss) for the year	11,418	(70,863)
Other comprehensive income	77	29
Total comprehensive income for the year	11,495	(70,834)
Share of results of joint ventures	1,142	(7,086)
Share of other comprehensive income of joint ventures	8	3

22. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	9,049	7,803
Work in progress	6,354	6,306
Finished goods	9,939	9,709
	25,342	23,818

During the year ended 30 June 2024, a reversal of write-down of inventories amounting to HK$349,000 (2023: write-down of inventories amounting to HK$716,000) is recorded in cost of sales as presented in the consolidated statement of profit or loss.

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

	2024 HK$'000	2023 HK$'000
Trade debtors, net	84,113	57,642
Loans receivable, net	114,431	145,455
Prepayments	7,567	6,932
Deposits and other receivables, net	11,241	15,572
VAT recoverable	9,665	9,613
	227,017	235,214

(i) The Group's sales are mainly made on (i) cash on delivery, and (ii) credit terms of 30 to 90 days (2023: Same).

(ii) The aging analysis of net trade debtors, based on invoice date, as of the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
Within 30 days	43,936	25,247
31–60 days	20,588	16,940
61–90 days	13,250	9,069
Over 90 days	6,339	6,386
	84,113	57,642

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(iii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of year	**1,281**	2,038
Reversal of expected credit loss recognised during the year	**(311)**	(666)
Exchange realignment	**(3)**	(91)
At end of year	**967**	1,281

As at 30 June 2024, allowance of HK$967,000 (2023: HK$1,281,000) were recognised, details of which are set out in Note 5(a)(i). The Group does not hold any collateral over these balances.

(iv) The aging analysis of net trade debtors based on past due date is as follows:

	2024 HK$'000	2023 HK$'000
Not yet past due	**73,195**	36,200
Past due 1–30 days	**8,994**	13,240
Past due 31–90 days	**1,568**	7,646
Past due more than 90 days	**356**	556
	84,113	57,642

Receivables that were not yet past due relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral over these balances.

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(v) As at 30 June 2024, included in debtors, other loans and receivables, deposits and prepayments mainly consisted of:

(a) Other loans receivable from six (2023: seven) independent third parties with aggregate principal amount of HK$105,838,000 (2023: HK$133,436,000) and related interest receivables of HK$10,362,000 (2023: HK$13,199,000).

The directors of the Company are of the opinion that, after taking into account the past payment history, impairment loss on the loans receivable of HK$1,769,000 (2023: HK$1,180,000) was made at the end of the reporting period.

Details of the loans receivables as at 30 June 2024 and 2023 are as follows:

As at 30 June 2024

Number of loans	Principal amount HK$'000	Interest receivables HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000	Interest rate	Maturity	Collateral/ guarantee detail
1	50,074	4,174	(569)	53,679	6%	Within 12 months from the end of reporting period	Corporate guarantee from an independent third party
4	20,317	2,978	(729)	22,566	6%–13%	Within 12 months from the end of reporting period	Personal guarantees from independent third parties
1	35,447	3,210	(471)	38,186	9%	Within 12 months from the end of reporting period	Nil
6	105,838	10,362	(1,769)	114,431			

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(v) (continued)

(a) (continued)

As at 30 June 2023

Number of loans	Principal amount HK$'000	Interest receivables HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000	Interest rate	Maturity	Collateral/ guarantee detail
1	51,357	5,015	–	56,372	6%	Within 12 months from the end of reporting period	Pledge of leasehold land in Mainland China and corporate guarantee from an independent third party
2	18,755	1,879	(469)	20,165	6%–13%	Within 12 months from the end of reporting period	Personal guarantees from independent third parties
4	63,324	6,305	(711)	68,918	5%–6%	Within 12 months from the end of reporting period	Nil
7	133,436	13,199	(1,180)	145,455			

(b) Amounts due from financial institutions amounting to HK$4,651,000 (2023: HK$4,322,000) resulting from the net settlements of derivative financial instruments which were in the closed-out positions at the end of reporting period.

(c) An amount due from a joint venture amounted to HK$892,000 (2023: HK$2,565,000). As at 30 June 2024, the balance is unsecured, interest-free and repayable on demand.

(vi) The below table reconciled the impairment loss of other loans and receivables for the year:

	2024 HK$'000	2023 HK$'000
At beginning of year	**16,550**	27,935
Written off during the year	**–**	(15,794)
Expected credit loss recognised during the year	**2,628**	5,275
Exchange realignment	**(39)**	(866)
At end of year	**19,139**	16,550

24. BILLS RECEIVABLE

Bills receivable generally have credit terms ranging from 3 to 6 months. No bills receivables as at 30 June 2024 and 2023 are past due.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **HK$'000**	2023 HK$'000
Equity securities held for trading and listed in Hong Kong	**3,800**	5,930

Fair values of the listed equity securities are determined based on the quoted market prices in an active market. During the year ended 30 June 2024, a fair value loss of HK$2,077,000 (2023: HK$533,000) is recognised in profit or loss.

26. DERIVATIVE FINANCIAL LIABILITIES

Derivative not qualified for hedging

	2024 **HK$'000**	2023 HK$'000
Copper futures contracts	**–**	177

As at 30 June 2023, the major terms of the outstanding copper futures contracts of the Group which has not been designated as hedging instruments were as follows:

	2023
Quantities (in tonnes)	25
Average price per tonne	US$8,700
Maturing in	July 2023
Fair value loss of copper futures contracts recognised as current liabilities (in HK$'000)	177

The net increase in fair value of derivative financial instruments amounting to HK$148,000 (2023: HK$62,000) has been recognised in profit or loss during the year.

27. PLEDGE OF ASSETS

As at 30 June 2024, save as disclosed elsewhere in these financial statements, the Group has pledged the following assets to secure general banking facilities and other loans granted to the Group. The carrying amounts of these assets are analysed as follows:

	Notes	2024 HK$'000	2023 HK$'000
Property, plant and equipment	15	**5,929**	–
Investment properties	16	**552,538**	631,086
		558,467	631,086

28. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods ranging from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the bank balances and cash approximate their fair values.

	2024 HK$'000	2023 HK$'000
Bank balances and cash were denominated in the following currencies:		
RMB	**96,830**	77,313
HK$	**4,085**	3,513
U.S. Dollars	**1,389**	4,260
EURO	**222**	42
Mongolian Tughrik	**–**	537
	102,526	85,665

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

29. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2024 HK$'000	2023 HK$'000
Trade creditors	**117,763**	55,173
Contract liabilities (Note (i))	**9,935**	16,553
Other payables and accruals	**123,322**	147,647
Rental received in advance	**376**	270
	251,396	219,643
Less: Amount shown under non-current liabilities		
Other payables	**(4,288)**	(7,334)
Amount shown under current liabilities	**247,108**	212,309

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

	2024 HK$'000	2023 HK$'000
0–30 days	**63,798**	37,179
31–60 days	**11,429**	11,459
61–90 days	**6,244**	1,631
Over 90 days	**36,292**	4,904
	117,763	55,173

Note (i): Contract liabilities primarily relate to the advances received from customers for sale of goods. The advances remain as contract liabilities until they are recognised as revenue when control of goods is transferred to the customers. Typical payment terms which impact on the amount of contract liabilities are set out in Note 3.

29. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES (continued)

Changes in the contract liabilities balances during the year are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of year	16,553	7,282
Cash received	9,844	17,173
Recognised as revenue	(16,300)	(6,931)
Exchange realignment	(162)	(971)
At the end of year	9,935	16,553

HK$16,300,000 of the contract liabilities as at 1 July 2023 were recognised as revenue for the year ended 30 June 2024 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2024 were expected to be recognised as revenue in the next 12 months. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations which has an original expected duration of one year or less is not disclosed.

30. BORROWINGS

	2024 HK$'000	2023 HK$'000
Current:		
Bank loans, secured	151,877	115,563
Other loans, secured	2,835	–
Other loans, unsecured	1,892	13,614
	156,604	129,177
Non-current:		
Bank loans, secured	104,715	131,764
Other loans, secured	1,115	–
	105,830	131,764

The effective interest rates for the bank loans as at 30 June 2024 ranged from 3.0% to 7.0% (2023: 4.98% to 7.35%) per annum. The effective interest rates for the other loans as at 30 June 2024 ranged from 5.10% to 6.10% (2023: Nil) per annum.

30. BORROWINGS (continued)

All borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

The Group's bank and other loans are secured by the pledge of certain investment properties and property, plant and equipment amounting to HK$552,538,000 (2023: HK$631,086,000) and HK$5,929,000 (2023: HK$Nil) respectively; corporate guarantees from the certain subsidiaries of the Company; and personal guarantee executed by the directors of the Company, Chau Lai Him and Chau Chi Ho.

At 30 June 2024, total current and non-current bank and other loans were scheduled to repay as follows:

	2024 **HK$'000**	2023 HK$'000
On demand or within one year	**156,604**	129,177
More than one year, but not exceeding two years	**12,929**	25,921
More than two years, but not exceeding five years	**92,901**	105,843
	262,434	260,941

31. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group and their movements:

	Unused tax losses HK$'000	**Investment properties** HK$'000	**Properties** HK$'000	**Total** HK$'000
1 July 2022	12,877	(50,080)	(37,058)	(74,261)
Credited/(charged) to profit or loss (Note 11)	(12,877)	316	–	(12,561)
Disposal of subsidiary (Note 32)	–	5,304	144	5,448
Exchange realignment	–	3,678	2,812	6,490
At 30 June 2023 and 1 July 2023	**–**	**(40,782)**	**(34,102)**	**(74,884)**
Credited to profit or loss (Note 11)	**–**	**21,709**	**–**	**21,709**
Exchange realignment	**–**	**23**	**190**	**213**
At 30 June 2024	**–**	**(19,050)**	**(33,912)**	**(52,962)**

31. DEFERRED TAX LIABILITIES (continued)

As at 30 June 2024, the Group has unused tax losses of HK$316,753,000 (2023: HK$320,086,000) available for offset against future taxable profits. As at 30 June 2024, no deferred tax assets has been recognised in respect of the tax losses of HK$316,753,000 (2023: HK$320,086,000) as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Tax losses of HK$210,214,000 (2023: HK$231,777,000) may be carried forward indefinitely and the remaining amount would expire in five years from the respective dates of incurrence.

As at 30 June 2024 and 2023, the Group's subsidiaries established in the PRC have no unremitted earnings that are subject to withholding taxes.

32. DISPOSAL OF A SUBSIDIARY

On 15 March 2023, the Group, through a wholly-owned subsidiary, entered into an agreement with the independent purchasers to dispose of the entire issued share capital in a subsidiary, Shanghai Chau's Electrical Company Limited (the "**Disposal SCE**"), at the consideration of HK$19,063,000 in cash. The Disposal SCE is principally engaged in property holding in the PRC.

During the year ended 30 June 2023, the disposal of equity interest in the Disposal SCE was completed.

Details of the assets and liabilities of the Disposal SCE at the date of disposal were:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	116
Investment properties	26,870
Other receivables, deposits, and prepayments	9,310
Bank balances and cash	112
Other payables and accruals	(10,737)
Deferred tax liabilities	(5,448)
Net assets disposed of	20,223
Cumulative exchange differences in respect of the net assets of the Disposal SCE reclassified from equity to profit or loss on loss of control of the Disposal SCE	(5,766)
Gain on disposal	4,606
Total consideration	19,063
Net cash inflow arising on disposal:	
Cash consideration (Note)	19,063
Less: Bank balances and cash disposed of	(112)
Net cash inflows	18,951

Note: During the year ended 30 June 2023, the consideration of HK$19,063,000 has been received by the Group.

33. SHARE CAPITAL

	Number of shares		Nominal value	
	2024	2023	**2024**	2023
	'000	'000	**HK$'000**	HK$'000
Authorised:				
At beginning of year	**50,000,000**	50,000,000	**500,000**	500,000
Share consolidation (Note)	**(47,500,000)**	–	**–**	–
At end of year	**2,500,000**	50,000,000	**500,000**	500,000
Issued and fully paid:				
At beginning of year	**2,374,532**	2,374,532	**23,745**	23,745
Share consolidation (Note)	**(2,255,805)**	–	**–**	–
At end of year	**118,727**	2,374,532	**23,745**	23,745

Note: On 4 March 2024, the Board proposed that every twenty in the issued and unissued share capital of the Company be consolidated into one consolidated share of par value of HK$0.2 (the "**Share Consolidation**"). The Share Consolidation was approved by the shareholders at the special general meeting of the Company held on 11 April 2024 and the same became effective on 15 April 2024.

34. SHARE OPTION SCHEME

(a) On 18 December 2012, the Company adopted a share option scheme (the "**Scheme**") for the primary purpose to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries of associated companies or such persons who from time to time are determined by the board of directors (the "**Board**") at its discretion as having contributed to the Group based on his/her performance and/or years of services, or it regarded as valuable resources and other relevant factors (the "**Participants**"), to strive for future developments and expansion of the Group. The Scheme was expired on 17 December 2022.

No share options were granted during the year ended 30 June 2023. The Company did not have any outstanding share option under the Scheme accordingly.

(b) On 5 December 2022, the Company adopted a new share option scheme (the "**New Scheme**") for the primary purpose of providing incentives to employees, executive and non-executive directors of the Company or any subsidiaries or such persons who from time to time are determined by the Board as its discretion as having contributed to the Group based on his/her performance and/or years of services, or valuable resources and other relevant factors (the "**Employee Participants**"), to recruit and retain high calibre employees. Additionally, the Company may, from time to time, grant share options to such persons who provide services to the Company or any subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group (the "**Service Providers**") in the interest of the long term growth of the Group as determined by the Board.

34. SHARE OPTION SCHEME (continued)

(b) (continued)

Under the New Scheme, the Board of the Company may grant options to the Employee Participants and Service Providers to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares, subject to a maximum 10% of the issued share capital of the Company as at the date of approval from the Company's shareholders.

On 27 May 2024, the Company granted share options to eligible participants to subscribe for a total of 11,870,000 ordinary shares of HK$0.2 each (with exercise price of HK$0.44 per share) in the share capital of the Company under the New Scheme. Details of the share options granted and movement in such holding during the year ended 30 June 2024 are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price HK$	Outstanding as at 1 July 2023	Granted during the year	Lapsed during the year	Outstanding as at 30 June 2024
Directors							
Chau Lai Him	27 May 2024	27 May 2025–26 May 2027	0.44	–	1,180,000	–	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025–26 May 2027	0.44	–	1,180,000	–	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025–26 May 2027	0.44	–	1,180,000	–	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025–26 May 2027	0.44	–	110,000	–	110,000
Lo Wai Ming	27 May 2024	27 May 2025–26 May 2027	0.44	–	110,000	–	110,000
Lo Chao Ming	27 May 2024	27 May 2025–26 May 2027	0.44	–	110,000	–	110,000
Subtotal				–	3,870,000	–	3,870,000
Others							
Employees	27 May 2024	27 May 2025–26 May 2027	0.44	–	8,000,000	–	8,000,000
Subtotal				–	8,000,000	–	8,000,000
Total				–	11,870,000	–	11,870,000

The fair value of the share options granted to the directors and employees on 27 May 2024 were HK$916,000 and HK$1,521,000 respectively, of which the Group recognised the share-based payment of HK$233,000 during the year ended 30 June 2024.

The following information is relevant in the determination of the fair value of options granted during the year under the New Scheme:

Option pricing model used	Binomial Option Pricing Model
Share price	HK$0.44
Exercise price	HK$0.44
Expected volatility	89.12%
Expected dividend rate	–
Risk-free interest rate	3.747%

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Interests in subsidiaries		426,315	440,517
Right-of-use assets		1,655	2,700
Total non-current assets		427,970	443,217
Current assets			
Deposits and prepayments		794	557
Bank balances and cash		2,261	2,839
Total current assets		3,055	3,396
Current liabilities			
Other advances and accrued charges		1,387	1,619
Lease liabilities		1,110	1,031
Total current liabilities		2,497	2,650
Net current assets		558	746
Total assets less current liabilities		428,528	443,963
Non-current liabilities			
Lease liabilities		687	1,797
Total non-current liabilities		687	1,797
Total net assets		427,841	442,166
EQUITY			
Capital and reserves			
Share capital	33	23,745	23,745
Reserves	36	404,096	418,421
Total equity		427,841	442,166

36. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2022	1,828,432	763,907	–	(2,018,918)	573,421
Loss and total comprehensive income for the year	–	–	–	(155,000)	(155,000)
At 30 June 2023 and 1 July 2023	**1,828,432**	**763,907**	**–**	**(2,173,918)**	**418,421**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(14,558)**	**(14,558)**
Equity-settled share-based payment	**–**	**–**	**233**	**–**	**233**
At 30 June 2024	**1,828,432**	**763,907**	**233**	**(2,188,476)**	**404,096**

37. NON-CONTROLLING INTERESTS

During the years ended 30 June 2024 and 2023, Zhou's Marble has material non-controlling interests ("**NCI**"). The NCI of the remaining subsidiary that is not wholly-owned by the Group is considered to be immaterial.

Summarised financial information in relation to the NCIs of Zhou's Marble in the respective years, before intra-group eliminations, is presented below:

2024

	Zhou's Marble HK$'000
STATEMENT OF FINANCIAL POSITION	
Current assets	3,115
Non-current assets	81,055
Current liabilities	(88,822)
Non-current liabilities	(5,888)
Net liabilities	(10,540)
Accumulated NCI	(2,108)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Revenue	–
Loss for the year	(3,655)
Other comprehensive income for the year	79
Total comprehensive income for the year	(3,576)
Loss allocated to NCI	(731)
Other comprehensive income allocated to NCI	17
Cash flows used in operating activities	(1,855)
Cash flows generated from financing activities	1,880
Net cash inflows	25

37. NON-CONTROLLING INTERESTS (continued)

2023

	Zhou's Marble HK$'000
STATEMENT OF FINANCIAL POSITION	
Current assets	4,896
Non-current assets	83,162
Current liabilities	(74,429)
Non-current liabilities	(20,592)
Net liabilities	(6,963)
Accumulated NCI	(1,393)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Revenue	–
Profit for the year	(2,563)
Other comprehensive income for the year	630
Total comprehensive income for the year	(1,933)
Profit allocated to NCI	(513)
Other comprehensive income allocated to NCI	126
Cash flows generated from operating activities	(1,962)
Cash flows used in financing activities	1,938
Net cash inflows	(24)

38. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total expenses recognised in profit or loss of HK$3,652,000 (2023: HK$3,238,000) represent contributions paid/payable to these schemes by the Group in the year. As at 30 June 2024, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2023: Nil).

39. RELATED PARTY TRANSACTIONS

Same as disclosed elsewhere in these financial statements, the Group did not have other material transactions with related parties.

Members of key management personnel of the Group during the year comprised only of the directors whose remuneration is set out in Note 9.

40. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

Capital structure of the Group comprises equity plus debts raised by the Group, including borrowings, net with bank balances and cash. The Group's management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or redemption of existing debts. No change was made in the objectives, policies or processes for managing capital during the year ended 30 June 2024.

40. CAPITAL RISK MANAGEMENT (continued)

The net debt to equity ratio at the end of reporting period was as follows:

	2024 HK$'000	2023 HK$'000
Debts	262,434	260,941
Less: bank balances and cash	(102,526)	(85,665)
Net debts	159,908	175,276
Total equity	798,726	888,155
Net debt to equity ratio	20.0%	19.7%

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORIES

The carrying amounts of the Group's financial assets and liabilities as recognised at 30 June 2024 and 2023 are analysed into the following categories.

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost		
– Debtors, other loans and receivables and deposits	209,785	218,669
– Bills receivable	2	1,461
– Bank balances and cash	102,526	85,665
Financial assets at FVTPL		
– Equity investments	3,800	5,930
Financial liabilities		
Financial liabilities at amortised cost		
– Creditors, other advances and accrued charges	241,085	202,820
– Lease liabilities	1,797	3,060
– Borrowings	262,434	260,941
Financial liabilities at FVTPL		
– Derivative financial liabilities	–	177

42. LITIGATION

During the year ended 30 June 2020, Zhou's Marble entered into service agreements with a constructor (the "**Constructor**") in connection with the development of an industrial complex in Lianjiang, the PRC.

During the years ended 30 June 2021 and 2022, due to the continuous impact of the COVID-19, Zhou's Marble has temporarily suspended the construction work in Lianjiang. On 7 November 2022, the Constructor lodged a litigation claim against Zhou's Marble and demanded for settlement of construction costs payable, penalty charges for the breach of the service agreements by Zhou's Marble and compensation of the suspension of the construction work. The aggregate compensation demanded by the Constructor was approximately RMB21,000,000, in which approximately RMB8,000,000 had been accounted for by Zhou's Marble in prior years and the remaining RMB13,000,000 represented penalty charges and additional construction costs demanded by the Constructor.

On 5 July 2023, according to the first court judgement, Zhou's Marble is liable for the payment of RMB21,000,000 to the Constructor. On 31 July 2023, Zhou's Marble lodged an objection to appeal against the aforesaid court judgement. In March 2024, Zhou's Marble was informed by the Zhanjiang Intermediate People's Court that the appeal was successful and the litigation claim was remanded for retrial.

The directors of the Company have evaluated all the facts and circumstances and considered, after obtaining a legal advice on the litigation, the possibility of any outflow in settling the penalty charges and additional construction costs was remote and it is more likely that Zhou's Marble would not be obliged to pay these compensation as at 30 June 2024. Accordingly, no provision was made for the amount of RMB13,000,000. Up to the date of these consolidated financial statements, no judgement has been issued by the court with regard to the retrial.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Interest payable on borrowings# HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 July 2023	–	260,941	3,060	264,001
Changes from cash flows:				
Interest paid on borrowings	(15,818)	–	–	(15,818)
Repayment of interest portion of the lease liabilities	–	–	(171)	(171)
Repayment of principal portion of the lease liabilities	–	–	(1,263)	(1,263)
New bank and other loans raised	–	218,922	–	218,922
Repayment of bank and other loans	–	(215,945)	–	(215,945)
Total changes from financing cash flows:	(15,818)	2,977	(1,434)	(14,275)
Exchange differences	–	(1,484)	–	(1,484)
Other changes:				
Interest expenses	15,818	–	171	15,989
At 30 June 2024	–	262,434	1,797	264,231

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Interest payable on borrowings# HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 July 2022	–	337,019	1,991	339,010
Changes from cash flows:				
Interest paid on borrowings	(19,630)	–	–	(19,630)
Repayment of interest portion of the lease liabilities	–	–	(138)	(138)
Repayment of principal portion of the lease liabilities	–	–	(2,066)	(2,066)
New bank and other loans raised	–	240,399	–	240,399
Repayment of bank and other loans	–	(244,225)	–	(244,225)
Total changes from financing cash flows:	(19,630)	(3,826)	(2,204)	(25,660)
Exchange differences	–	(22,252)	–	(22,252)
Other changes:				
Interest expenses	19,630	–	138	19,768
New leases	–	–	3,135	3,135
Settlement of other loans with consideration of the Disposal	–	(50,000)	–	(50,000)
Total other changes	19,630	(50,000)	3,273	(27,097)
At 30 June 2023	–	260,941	3,060	264,001

Interest payable on borrowings is included in creditors, other advances and accrued charges as presented in the consolidated statement of financial position.

PARTICULARS OF PROPERTIES

Properties held for investment	Type	Lease term
A factory complex erected on a parcel of land located at Qiaozi Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located at Butian, Tangjiao District, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located in Beihuan Road, Changping Town, Dongguan City Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land known as Lot No. 1924130100056 located at Songbaitang Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
Stone Industry Base located at the eastern side of K17 Lingtang of Provincial Highway S287, Tangpeng Town, Lianjiang City, Guangdong Province, the PRC	Industrial	Medium

FINANCIAL SUMMARY

RESULTS

The Group

	Year ended 30 June				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**795,700**	374,316	471,521	433,049	288,271
(Loss)/profit before taxation	**(110,956)**	(164,198)	(112,639)	188,631	(144,830)
Income tax credit/(expense)	**21,709**	(12,561)	11,446	(20,779)	1,111
(Loss)/profit for the year	**(89,247)**	(176,759)	(101,193)	167,852	(143,719)
(Loss)/profit attributable to:					
Owners of the Company	**(88,516)**	(176,246)	(102,218)	156,346	(142,259)
Non-controlling interests	**(731)**	(513)	1,025	11,506	(1,460)
	(89,247)	(176,759)	(101,193)	167,852	(143,719)

Assets and liabilities

	At 30 June				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,367,315**	1,446,860	1,692,464	1,764,302	1,380,109
Total liabilities	**(568,589)**	(558,705)	(603,784)	(565,752)	(371,243)
Net assets	**798,726**	888,155	1,088,680	1,198,550	1,008,866
Attributable to:					
Owners of the Company	**800,489**	889,204	1,089,342	1,200,265	1,017,371
Non-controlling interests	**(1,763)**	(1,049)	(662)	(1,713)	(8,505)
	798,726	888,155	1,088,680	1,198,550	1,008,866