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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2024/2025 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Directors**” or “**Board**”) of Solartech International Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2025 together with last year’s comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	4	578,819	795,700
Cost of sales		(543,406)	(728,476)
Gross profit		35,413	67,224
Interest income		10,251	10,909
Other income and other (losses)/gains, net		239	10,862
General and administrative expenses		(72,534)	(84,109)
Selling and distribution expenses		(7,641)	(7,912)
Finance costs	7	(13,966)	(19,653)
Change in fair value of derivative financial instruments, net		182	148
Change in fair value of investment properties, net	11	(28,511)	(86,834)
Change in fair value of financial assets at fair value through profit or loss, net		2,090	(2,077)
Expected credit loss recognised, net		(3,491)	(2,317)
Written off of other receivables		(5,870)	–
(Impairment loss)/reversal of impairment loss on intangible asset	13	(87,693)	1,087

* *For identification purposes only*

	Notes	2025 HK\$'000	2024 HK\$'000
Gain on disposal of a subsidiary	18	23,219	–
Share of results of associates		–	574
Share of results of joint ventures		(1,724)	1,142
Loss before taxation	6	(150,036)	(110,956)
Income tax credit	8	7,128	21,709
Loss for the year		(142,908)	(89,247)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(9,843)	(693)
Reclassification adjustment on exchange difference for foreign operation disposed of during the year	18	(31,666)	–
Reclassification adjustment on exchange difference for disposal of associates during the year		–	287
Share of other comprehensive income of associates		–	(17)
Share of other comprehensive income of joint ventures		(12)	8
Other comprehensive income for the year		(41,521)	(415)
Total comprehensive income for the year		(184,429)	(89,662)
Loss attributable to:			
Owners of the Company		(142,306)	(88,516)
Non-controlling interests		(602)	(731)
		(142,908)	(89,247)
Total comprehensive income attributable to:			
Owners of the Company		(183,620)	(88,948)
Non-controlling interests		(809)	(714)
		(184,429)	(89,662)
Loss per share:			
– Basic and diluted (HK\$)	10	(1.20)	(0.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		19,832	15,594
Investment properties	11	281,822	586,369
Right-of-use assets	12	5,426	6,965
Intangible asset	13	308,171	395,849
Interests in associates	14	745	745
Interests in joint ventures	15	1,370	3,106
		<hr/>	<hr/>
Total non-current assets		617,366	1,008,628
		<hr/>	<hr/>
Current assets			
Inventories		14,089	25,342
Debtors, other loans and receivables, deposits and prepayments	16	164,625	227,017
Bills receivable		46	2
Financial assets at fair value through profit or loss		5,890	3,800
Bank balances and cash		108,792	102,526
		<hr/>	<hr/>
Total current assets		293,442	358,687
		<hr/>	<hr/>
Current liabilities			
Creditors, other advances and accrued charges	17	89,923	247,108
Borrowings		170,300	156,604
Lease liabilities		687	1,110
		<hr/>	<hr/>
Total current liabilities		260,910	404,822
		<hr/>	<hr/>
Net current assets/(liabilities)		32,532	(46,135)
		<hr/>	<hr/>
Total assets less current liabilities		649,898	962,493
		<hr/>	<hr/>

		2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities	12	–	687
Other payables	17	2,938	4,288
Borrowings		8,105	105,830
Deferred tax liabilities		22,354	52,962
		<hr/>	<hr/>
Total non-current liabilities		33,397	163,767
		<hr/>	<hr/>
Total net assets		616,501	798,726
		<hr/>	<hr/>
EQUITY			
Capital and reserves			
Share capital		23,745	23,745
Reserves		595,328	776,744
		<hr/>	<hr/>
Equity attributable to owners of the Company		619,073	800,489
		<hr/>	<hr/>
Non-controlling interests		(2,572)	(1,763)
		<hr/>	<hr/>
Total equity		616,501	798,726
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 July 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	–	–	–	287	–	–	–	–	287	–	287
Share of other comprehensive income of associates	–	–	–	(17)	–	–	–	–	(17)	–	(17)
Share of other comprehensive income of joint ventures	–	–	–	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	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>(23,424)</u>	<u>4,878</u>	<u>99,901</u>	<u>233</u>	<u>(1,745,636)</u>	<u>800,489</u>	<u>(1,763)</u>	<u>798,726</u>
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2024	23,745	1,828,432	612,360	(23,424)	4,878	99,901	233	(1,745,636)	800,489	(1,763)	798,726
Loss for the year	–	–	–	–	–	–	–	(142,306)	(142,306)	(602)	(142,908)
Exchange difference on translation of foreign operations	–	–	–	(9,636)	–	–	–	–	(9,636)	(207)	(9,843)
Reclassification adjustment on exchange difference for foreign operation disposed of during the year (Note 18)	–	–	–	(31,666)	–	–	–	–	(31,666)	–	(31,666)
Share of other comprehensive income of joint ventures	–	–	–	(12)	–	–	–	–	(12)	–	(12)
Total comprehensive income for the year	–	–	–	(41,314)	–	–	–	(142,306)	(183,620)	(809)	(184,429)
Disposal of a subsidiary	–	–	–	–	–	(56,759)	–	56,759	–	–	–
Equity-settled share-based payment	–	–	–	–	–	–	2,204	–	2,204	–	2,204
Release upon forfeiture of share options	–	–	–	–	–	–	(224)	224	–	–	–
At 30 June 2025	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>(64,738)</u>	<u>4,878</u>	<u>43,142</u>	<u>2,213</u>	<u>(1,830,959)</u>	<u>619,073</u>	<u>(2,572)</u>	<u>616,501</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 HKFRS ACCOUNTING STANDARDS

(a) Adoption of new or amendments to HKFRS Accounting Standards – effective on 1 July 2024

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amendments to HKFRS Accounting Standards that are first effective for the current accounting year of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Interpretation 5 (“ HK Int 5 ”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

None of these new or amendments to HKFRS Accounting Standards have a material impact on the Group’s results and financial position for the current or prior years. The Group has not early applied any new or amendments to HKFRS Accounting Standards that are not yet effective for the current accounting period.

(b) New or amendments to HKFRS Accounting Standards that have been issued but are not yet effective and not early adopted

The following new or amendments to HKFRS Accounting Standards, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which supersedes HKAS 1, with a focus on updates to the consolidated statement of profit or loss. Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

Except for the above, the Group does not anticipate that the application of new or amendments to HKFRS Accounting Standards in the future will have a material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations 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 of Hong Kong Limited.

(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.

During the year ended 30 June 2025, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent purchaser to dispose of the entire issued share capital in a subsidiary, Dongguan Hua Yi Brass Products Company Limited, at the consideration of RMB70,000,000 (equivalent to HK\$76,670,000) in cash, which has been fully received by the Group (Note 18). Nevertheless, 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\$142,908,000 for the year ended 30 June 2025, (ii) had net cash outflow from operating activities of HK\$81,265,000 for the year ended 30 June 2025 and (iii) had borrowings of HK\$178,405,000 out of which HK\$170,300,000 is repayable within twelve months after 30 June 2025, while the Group’s cash and cash equivalents amounted to HK\$108,792,000 as at 30 June 2025. 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 2026 (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; streamlining manpower and hence controlling staff costs; and tightening other general and administrative expenses;

the Group had loan receivables with carrying amount of HK\$104,873,000 as at 30 June 2025 which will be matured and receivable within twelve months after 30 June 2025. The renewal of loan arrangements remains at the sole discretion of the Group, subject to its internal approval process. In assessing the renewal of loan arrangements, the Directors take into consideration various factors, including the creditworthiness of the borrowers, the Group’s liquidity position, and its projected cash flow requirements.

- (ii) 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 of the Company 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 are 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.

4. REVENUE

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

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers:		
Sales of goods	564,028	785,198
Revenue from other sources:		
Rental income	14,791	10,502
	<u>578,819</u>	<u>795,700</u>

5. 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 2024 and 2025 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 on disposal of a subsidiary, gain on disposal of property, plant and equipment, gain on disposal of right-of-use assets, change in fair value of derivative financial instruments, (impairment loss)/reversal of impairment loss on intangible asset of mining right, written off of other receivables, 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 deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 30 June 2025

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from external customers	187,092	376,936	14,791	578,819
Inter-segment revenue	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Reportable segment revenue	187,092	376,936	14,791	578,819
Reportable segment (loss)/profit before taxation	<u>(37,406)</u>	<u>2,578</u>	<u>(23,118)</u>	<u>(57,946)</u>
Finance costs				
– allocated	(6,854)	–	(7,022)	(13,876)
– unallocated				<u>(90)</u>
				<u>(13,966)</u>
Change in fair value of investment properties	–	–	(28,511)	(28,511)
Loss on disposal of property, plant and equipment	(170)	–	–	(170)
Expected credit loss recognised	(3,491)	–	–	(3,491)
Written off of other receivables				
– allocated	–	–	(421)	(421)
– unallocated				<u>(5,449)</u>
				<u>(5,870)</u>
Depreciation of right-of-use assets				
– allocated	–	–	(176)	(176)
– unallocated				<u>(1,457)</u>
				<u>(1,633)</u>
Depreciation of property, plant and equipment				
– allocated	(3,383)	–	(25)	(3,408)
– unallocated				<u>(146)</u>
				<u>(3,554)</u>
Research and development expenses	(16,851)	–	–	(16,851)
Income tax credit	<u>–</u>	<u>–</u>	<u>7,128</u>	<u>7,128</u>

For the year ended 30 June 2024

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

As at 30 June 2025

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Reportable segment assets	291,764	12,640	284,937	589,341
Additions to non-current assets	7,879	–	10,846	18,725
Reportable segment liabilities	236,327	548	25,830	262,705

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	227,442	510,030

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

	2025 HK\$'000	2024 HK\$'000
For the year ended 30 June		
Loss before taxation		
Reportable segment loss	(57,946)	(96,458)
Gain on disposal of a subsidiary	23,219	–
Gain on disposal of property, plant and equipment	–	2,113
Gain on disposal of right-of-use assets	–	2,100
Change in fair value of derivative financial instruments	182	148
(Impairment loss)/reversal of impairment loss on intangible asset	(87,693)	1,087
Written off of other receivables	(5,449)	–
Share of results of associates	–	574
Share of results of joint ventures	(1,724)	1,142
Unallocated finance costs	(90)	(173)
Unallocated corporate expenses	(20,535)	(21,489)
Consolidated loss before taxation	<u>(150,036)</u>	<u>(110,956)</u>

	2025 HK\$'000	2024 HK\$'000
At 30 June		
Assets		
Reportable segment assets	589,341	948,808
Intangible asset	308,171	395,849
Interests in associates	745	745
Interests in joint ventures	1,370	3,106
Unallocated bank balances and cash	2,562	4,400
Unallocated corporate assets	8,619	14,407
	<u>910,808</u>	<u>1,367,315</u>
Consolidated total assets	<u>910,808</u>	<u>1,367,315</u>
Liabilities		
Reportable segment liabilities	262,705	510,030
Deferred tax liabilities	22,354	52,962
Unallocated corporate liabilities	9,248	5,597
	<u>294,307</u>	<u>568,589</u>
Consolidated total liabilities	<u>294,307</u>	<u>568,589</u>

(c) Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
The PRC	459,079	675,323	305,563	605,699
Americas	27,111	30,439	–	–
Europe	48,338	42,039	–	–
Hong Kong	13,555	15,116	1,517	3,229
Mongolia	–	–	309,541	398,955
Others	30,736	32,783	745	745
	<u>578,819</u>	<u>795,700</u>	<u>617,366</u>	<u>1,008,628</u>

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 2025

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	187,092	376,936	–	564,028
Transferred over time	–	–	–	–
	187,092	376,936	–	564,028
Revenue from other sources	–	–	14,791	14,791
	<u>187,092</u>	<u>376,936</u>	<u>14,791</u>	<u>578,819</u>

For the year ended 30 June 2024

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>248,137</u>	<u>537,061</u>	<u>10,502</u>	<u>795,700</u>

(e) Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Copper rods segment		
Customer A	110,358	N/A*
Customer B	70,270	N/A*

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

6. LOSS BEFORE TAXATION

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

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration	2,410	2,160
Depreciation of property, plant and equipment	3,554	3,695
Depreciation of right-of-use assets	1,633	1,357
Carrying amount of inventories sold	542,288	728,825
Write-down/(reversal of write-down) of inventories	1,118	(349)
Cost of inventories recognised as expenses (<i>Note</i>)	543,406	728,476
Direct operating expenses arising from investment properties that generated and did not generate rental income during the year	–	9
Write back of other payables	–	(7,498)
Loss/(gain) on disposal of property, plant and equipment	170	(2,113)
Gain on disposal of right-of-use assets	–	(2,100)
Loss on disposal of associates	–	1,235
Research and development expenses	16,851	29,490
Staff costs (including directors' remuneration)	37,055	44,043

Note: Included in cost of inventories recognised as expenses is HK\$12,695,000 and HK\$2,177,000 (2024: HK\$16,775,000 and HK\$2,327,000) relating to staff costs and depreciation of property, plant and equipment respectively. The amounts are also included in the respective total amounts as separately disclosed above.

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on borrowings	11,918	15,818
Interest on lease liabilities	90	171
Interest on overdue trade and other payables	1,880	3,519
Others	78	145
	13,966	19,653

8. INCOME TAX CREDIT

	2025 HK\$'000	2024 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	(7,128)	(21,709)
	<u>(7,128)</u>	<u>(21,709)</u>

For the year ended 30 June 2025, no provision for Hong Kong Profits Tax has been provided as there is no assessable profit arising in Hong Kong. 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.

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, except that one of the PRC subsidiaries of the Company was qualified as a High and New Technology Enterprise in December 2022 and was entitled to enjoy a preferential income tax rate of 15% for a period of 3 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.

9. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2025 and 2024.

10. 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:

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the year attributable to the owners of the Company	<u>(142,306)</u>	<u>(88,516)</u>
Number of shares	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>118,726,617</u>	<u>118,726,617</u>

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 30 June 2024 has been adjusted to reflect the effect of the share consolidation took place during the year ended 30 June 2024.

The computation of diluted loss per share for the year ended 30 June 2025 does not assume the exercise of the Company's outstanding share options as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the year ended 30 June 2025 (2024: Same).

11. INVESTMENT PROPERTIES

	Completed investment properties HK\$'000	Investment properties under construction HK\$'000	Total HK\$'000
At 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	<u>(1,045)</u>	<u>(1,939)</u>	<u>(2,984)</u>
At 30 June 2024 and 1 July 2024	209,256	377,113	586,369
Additions	9,715	1,131	10,846
Transfer	293,934	(293,934)	–
Change in fair value	(23,116)	(5,395)	(28,511)
Disposal of a subsidiary (<i>Note 18</i>)	(298,248)	–	(298,248)
Exchange realignment	<u>8,266</u>	<u>3,100</u>	<u>11,366</u>
At 30 June 2025	<u>199,807</u>	<u>82,015</u>	<u>281,822</u>

12. 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 <i>HK\$'000</i>	Buildings <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 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 and 1 July 2024	4,898	1,655	412	6,965
Depreciation	(176)	(1,045)	(412)	(1,633)
Exchange realignment	94	–	–	94
As at 30 June 2025	4,816	610	–	5,426

(ii) Lease liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 July	1,797	3,060
Interest expenses	90	171
Lease payments	(1,200)	(1,434)
At 30 June	687	1,797
Classified under:		
Non-current liabilities	–	687
Current liabilities	687	1,110
	687	1,797

At 30 June 2025, the undiscounted lease payments by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2025		
	Future lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Within one year	700	13	687
	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

(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 five years (2024: one year to ten years). As at 30 June 2025, the Group had contracted with tenants for the following future lease payments receivable:

	2025 HK\$'000	2024 HK\$'000
Within one year	10,292	3,994
In the second year	10,292	1,753
In the third year	10,292	1,867
In the fourth year	3,032	1,867
In the fifth year	790	1,867
Over five years	–	933
	34,698	12,281

13. INTANGIBLE ASSET

	Mining right <i>HK\$'000</i>
COST:	
At 1 July 2023	1,167,714
Exchange realignment	(10)
	<hr/>
At 30 June 2024 and 1 July 2024	1,167,704
Exchange realignment	15
	<hr/>
At 30 June 2025	1,167,719
	<hr/>
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2023	772,942
Reversal of impairment	(1,087)
	<hr/>
At 30 June 2024 and 1 July 2024	771,855
Impairment	87,693
	<hr/>
At 30 June 2025	859,548
	<hr/>
NET CARRYING AMOUNT:	
At 30 June 2025	308,171
	<hr/> <hr/>
At 30 June 2024	395,849
	<hr/> <hr/>

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhangaï 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 2025, 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.

As at 30 June 2025, the recoverable amount of the Mining CGU was HK\$308,171,000 which was lower than the carrying amount of HK\$395,864,000 as a result of the effect of the decrease in forecasted copper price and increase in forecasted operating costs due to increase in forecasted Mongolia inflation rate, and hence, a resultant decrease in forecasted future net cash inflows. Accordingly, an impairment loss on Mining CGU of approximately HK\$87,693,000 is recognised in the consolidated profit or loss for the year ended 30 June 2025.

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 loss on Mining CGU of approximately HK\$1,087,000 was recognised in the consolidated profit or loss for the year ended 30 June 2024.

14. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	<u>745</u>	<u>745</u>

Particulars of the Group's associates as at 30 June 2025 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

Collectively known as the "Idea Group"

15. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	<u>1,370</u>	<u>3,106</u>

Particulars of the Group's joint ventures as at 30 June 2025 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.

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

	2025 HK\$'000	2024 HK\$'000
Trade debtors, net	46,076	84,113
Loan receivables, net	104,042	114,431
Prepayments	6,052	7,567
Deposits and other receivables, net	2,983	11,241
VAT recoverable	<u>5,472</u>	<u>9,665</u>
	<u>164,625</u>	<u>227,017</u>

- (i) The Group's sales are mainly made on (i) cash on delivery, and (ii) credit terms of 30 to 120 days (2024: 30 to 90 days).
- (ii) The aging analysis of net trade debtors, based on invoice date, as of the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	16,063	43,936
31–60 days	12,838	20,588
61–90 days	9,528	13,250
Over 90 days	<u>7,647</u>	<u>6,339</u>
	<u>46,076</u>	<u>84,113</u>

17. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
Trade creditors	56,590	117,763
Contract liabilities (<i>Note (i)</i>)	1,281	9,935
Construction payables	8,268	54,105
Rental deposits received	4,655	1,722
Other tax payables	1,015	986
Accrued staff costs	4,859	4,864
Other payables and accruals	14,057	61,645
Rental received in advance	2,136	376
	92,861	251,396
Less: Amount shown under non-current liabilities construction payables	(2,938)	(4,288)
Amount shown under current liabilities	89,923	247,108

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

	2025 HK\$'000	2024 HK\$'000
0–30 days	29,261	63,798
31–60 days	9,463	11,429
61–90 days	2,823	6,244
Over 90 days	15,043	36,292
	56,590	117,763

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.

Changes in the contract liabilities balances during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of year	9,935	16,553
Cash received	128	9,844
Recognised as revenue	(8,826)	(16,300)
Exchange realignment	44	(162)
At the end of year	1,281	9,935

HK\$8,826,000 of the contract liabilities as at 1 July 2024 were recognised as revenue for the year ended 30 June 2025 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2025 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.

18. DISPOSAL OF A SUBSIDIARY

On 20 November 2024, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent purchaser to dispose of the entire issued share capital in a subsidiary, Dongguan Hua Yi Brass Products Company Limited (“**DHY**”), at the consideration of RMB70,000,000 (equivalent to HK\$76,670,000) in cash. DHY was principally engaged in property holding in the PRC. On 6 March 2025, the disposal was completed. Details of the assets and liabilities of DHY at the date of disposal were as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	–
Investment properties	298,248
Other receivables, deposits, and prepayments	13,196
Bank balances and cash	32
Other payables and accruals	(89,119)
Borrowings	(112,815)
Deferred tax liabilities	(24,425)
	<hr/>
Net assets disposed of	85,117
Cumulative exchange differences in respect of the net assets of DHY reclassified from equity to profit or loss on loss of control of DHY	(31,666)
Gain on disposal	23,219
	<hr/>
Total consideration	76,670
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration (<i>Note</i>)	76,670
Less: Bank balances and cash disposed of	(32)
	<hr/>
Net cash inflows	76,638
	<hr/> <hr/>

Note: During the year ended 30 June 2025, the consideration of HK\$76,670,000 has been received by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2025 (the “**year under review**”), total turnover of the Group was approximately HK\$578,819,000, representing a decrease of 27.3% as compared to approximately HK\$795,700,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK\$142,306,000, as compared to the loss attributable to owners of the Company of approximately HK\$88,516,000 for the corresponding period last year. Loss per share for the year under review was approximately HK\$1.20 (Loss per share for 2023/2024: HK\$0.75).

BUSINESS REVIEW

The Group’s turnover for the year under review was approximately HK\$578,819,000, representing a decrease of 27.3% as compared to approximately HK\$795,700,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK\$187,092,000, representing a decrease of 24.6% as compared to approximately HK\$248,137,000 for the same period of last year and accounting for 32.3% of the Group’s total turnover. Turnover of the copper rod business was approximately HK\$376,936,000, representing a decrease of 29.8% as compared to approximately HK\$537,061,000 for the same period of last year and accounting for 65.1% of the Group’s total turnover. Turnover of the leasing business was approximately HK\$14,791,000, representing an increase of 40.8% as compared to approximately HK\$10,502,000 for the same period of last year and accounting for 2.6% of the Group’s total turnover.

By geographical market segments, turnover from the business in the Americas decreased by 10.9% to approximately HK\$27,111,000 from approximately HK\$30,439,000 for the same period of last year, accounting for 4.7% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 31.5% to approximately HK\$472,634,000 from approximately HK\$690,439,000 for the same period of last year, accounting for 81.6% of the Group’s total turnover. Turnover from the business in Europe increased by 15.0% to approximately HK\$48,338,000 from approximately HK\$42,039,000 for the same period of last year, accounting for 8.4% of the Group’s total turnover. Turnover from the business in other regions decreased by 6.2% to approximately HK\$30,736,000 from approximately HK\$32,783,000 for the same period of last year, accounting for 5.3% of the Group’s total turnover.

Cables and Wires

The Group's cables and wires business recorded a turnover of approximately HK\$187,092,000 for the year under review, representing a decrease of 24.6% as compared to approximately HK\$248,137,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, the Chinese economy faced multiple challenges, including weak domestic consumption demand and insufficient consumer confidence, which significantly impacted the demand for home appliances. Slow economic growth has led to weak demand in the home appliance market, and reduced customer orders. Consequently, the Group's cables and wires business experienced a decline during the year under review.

Copper Rod Business

The 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\$376,936,000, representing a decrease of 29.8% as compared to approximately HK\$537,061,000 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 slightly increasing from approximately US\$9,800 per tonne at the beginning of the year under review to approximately US\$9,845 per tonne at the end of the year under review. During the year under review, China's economic slowdown significantly impacted the operating environment for the copper rod business. Manufacturing activity contracted due to insufficient domestic demand, further depressing market demand for copper rods. The Group will adjust its market strategy for the copper rod business in response to evolving copper price trends and changes in the operating environment.

Rental Income

The Group's investment properties mainly comprise industrial properties in the PRC. During the year under review, rental income was approximately HK\$14,791,000, representing an increase of approximately 40.8% as compared with approximately HK\$10,502,000 for the same period of last year. Such increase was attributed to the successful lease-up of newly constructed complex in Dongguan in the year under review. On 6 March 2025, the Property was sold together with Dongguan Hua Yi Brass Products Co., Ltd.* (東莞華藝銅業有限公司) (“**DHY**”), which was then an indirect wholly-owned subsidiary of the Company.

During the year under review, the Group had a substantial disposal. On 20 November 2024, the Group entered into an equity transfer agreement with independent third parties to dispose of 100% equity interest in DHY, which was then an indirect wholly-owned subsidiary of the Company and owned the land use right of a parcel of the land situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村), at a consideration of RMB70,000,000. The local real estate market has been adversely impacted by the economic uncertainty over the past few years, resulting in lower transaction volume and liquidity in the recent period. The Group had been offering to lease out or sell the Property since the completion of the construction work for Phase I of the newly constructed complex of DHY in 2023. Under the relevant construction land use planning permit, the Group is obliged to construct Phase II of the Industrial Complex, which requires the Group's further capital commitment in the expected amount of approximately RMB260,000,000. Coupled with the lower demand for industrial properties in the city as perceived by the Group, as well as the anticipated construction costs of Phase II of the Industrial Complex, the Directors believe that the Property may not be able to generate favourable future rental returns. Therefore, the Group decided to dispose DHY and relevant land use right and the disposal was completed on 6 March 2025. Details of the substantial disposal are set out in the circular of the Company dated 24 January 2025.

Mining

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. No revenue was recorded for the year under review as these projects did not carry out any production activities.

Mongolia's policy environment for mining industry remains in a phase of adjustment and refinement during the year. Although the global copper market offers a favorable demand environment, challenges arising from policy implementation, cost fluctuations and supply chain changes cannot be overlooked. New developments in the policy and market landscape have further increased the complexity of project advancement.

During the year under review, the Group focused on maintaining mining license compliance and fulfilling necessary work to maintain its mining rights, while deferring large-scale capital investments. Amid economic volatilities and regulatory risks inside and outside Mongolia, the Group will closely monitor local policy developments, market dynamics and global commodity price trends, and prudently formulate flexible strategies to ensure equilibrium between resource allocation and risk management.

PROSPECTS

The Group will focus on principal businesses, consolidate its traditional strengths in business of power cords and home appliance wire harnesses, and actively expand into the field of electric vehicles, robotics, and new energy application wires and cables. This strategic expansion aims to achieve product upgrades and technological breakthroughs, ensuring adaptability in a rapidly evolving market environment. Concurrently, we will implement a key account strategy to strengthen collaboration with core customers, support their product ecosystems, and jointly explore industry transformation pathways for mutual success.

To enhance core competitiveness, we will strengthen technical teams, increase R&D investment, and boost new product development capabilities. Through technological innovation, we will not only meet the diverse needs of our customers but also expand our market share. Furthermore, we will optimise management systems by implementing lean practices to improve operational efficiency and minimise resource waste, thereby laying a robust foundation for sustainable development.

Looking ahead, the Group will continue to focus on optimising and consolidating existing businesses, while actively identifying potential business partners and new business opportunities with growth potential. We will capitalise on opportunities in new energy and intelligent technologies. While maintaining our existing strengths, we will develop new growth drivers to achieve business diversification and sustainable development, ensuring our continued leadership in the industry.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2025 (30 June 2024: Nil).

ANNUAL GENERAL MEETING

The 2025 Annual General Meeting of the Company (the “**2025 AGM**”) will be held on Friday, 5 December 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 2 December 2025 to Friday, 5 December 2025, 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 2025 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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 1 December 2025. Shareholders whose names appear on the register of members of the Company on Friday, 5 December 2025 will be entitled to attend and vote at the 2025 AGM.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 350 employees in Hong Kong, PRC and overseas (30 June 2024: 350). 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.

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, each of the Group and each of its the employees 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 2025 and 30 June 2024, 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.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2025, the Group implemented a prudent financial management policy. As at 30 June 2025, the Group had cash and bank balances amounting to approximately HK\$109 million (30 June 2024: HK\$103 million) and value of net current assets was approximately HK\$33 million (net current liabilities at 30 June 2024: HK\$46 million). The Group's gearing ratio as at 30 June 2025 was 0.29 (30 June 2024: 0.33), being a ratio of total borrowings of approximately HK\$178 million (30 June 2024: HK\$262 million) to shareholders' funds of approximately HK\$619 million (30 June 2024: HK\$800 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.

EXCHANGE RISKS

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

CHARGES ON GROUP ASSETS

As at 30 June 2025, the Group had pledged property, plant and equipment, investment properties and right-of-use assets amounting to HK\$4,778,000 (2024: HK\$5,929,000), HK\$281,822,000 (2024: HK\$552,538,000) and HK\$4,816,000 (2024: HK\$Nil) respectively to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2025 and 30 June 2024, the Company did not issue guarantees to secure any loan granted to its subsidiaries.

FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

For the year under review, the Group entered into copper forward contracts (“**Derivative Financial Instruments**”) to manage copper price risks. The Group's overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group's policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 30 June 2025 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\$182,000 (2023/2024: net gain of HK\$148,000).

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 announcement.

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST OF DONGGUAN HUA YI BRASS PRODUCTS CO., LTD.

On 20 November 2024, the Company announced that Modern China Enterprises Limited (the “**Vendor**”, an indirect wholly-owned subsidiary of the Company), Dongguan Yinhua Industrial Investment Co., Ltd.* (東莞市銀華實業投資有限公司) (the “**Purchaser**”), Dongguan Hua Yi Brass Products Co., Ltd.* (東莞華藝銅業有限公司) (the “**Target Company**”), the Vendor’s Guarantors and the Purchaser’s Guarantor entered into an equity transfer agreement (the “**Equity Transfer Agreement**”). Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 100% equity interest of the Target Company, for a consideration of RMB70,000,000 (equivalent to approximately HK\$77,000,000) in cash (the “**Disposal**”).

The Target Company is a limited liability company established under the laws of the PRC on 28 December 1995 with registered capital of US\$21,925,000 and paid-up capital of US\$20,025,000. The Target Company is an indirect wholly-owned subsidiary of the Company and its entire equity interest is owned by the Vendor.

The Target Company is principally engaged in trading of copper products and property holding. The Target Company owns the land use right of a parcel of the land which is situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村). The land, with a registered site area of 102,050 sq. m., is stipulated for industrial use. The Target Company has been granted the land use right of the land until 2055. Several factory buildings (collectively, the “**Industrial Complex**”) are erected on the land, with total gross floor area of 74,752.4 sq. m. Currently, (i) Phase I-B and certain portion of Phase I-A of the Industrial Complex, with gross floor area of 71,306.06 sq. m. and 1,300 sq. m. respectively, have been leased to two independent third parties for industrial use until 2036 and 2024, respectively, at the total current monthly rent of RMB1,120,544.14 (inclusive of tax); and (ii) the remaining portion of Phase I-A of the Industrial Complex, with gross floor area of 2,146.34 sq. m., was previously occupied by the Group as a backup warehouse which has been left vacant. The remaining portion of the land is a vacant site which has been planned for constructing new factory buildings.

The Vendor and the Vendor’s Guarantors

The Vendor is a company incorporated in Hong Kong on 12 July 2004 with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Vendor's Guarantors are:

- (i) the Company;
- (ii) Chau's Electrical (B.V.I.) Co., Ltd (周氏電業(海外)有限公司*), which is a limited liability company incorporated in the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property holding;
- (iii) Mr. Chau Lai Him who is the Chairman and Managing Director of the Company and the sole director of the Vendor; and
- (iv) Mr. Chau Chi Ho who is the deputy chairman and an executive Director of the Company.

The Purchaser and the Purchaser's Guarantor

The Purchaser is a limited liability company established under the laws of the PRC on 17 October 2024. It is principally engaged in investment, property management, property leasing, and business management. The equity interest of the Purchaser is owned as to 30% by Dongguan Hong An Industrial Holding Co., Ltd.* (東莞市弘安實業控股有限公司) (a company established under the laws of the PRC, which is owned as to 83.5% by Mr. Chen Xin (陳欣) and 16.5% by Mr. Luo Dirui (羅帝銳)), 20% by the Purchaser's Guarantor, 20% by Mr. Ye Xuqiang (葉旭強), 20% by Sheng Chuan (Dongguan) Investment Co., Ltd.* (昇創東莞市投資有限公司) (a company established under the laws of the PRC, which is owned as to 97% by Mr. Liang Yusheng (梁裕升) and 3% by Mr. Li Shaohua (李少華)) and 10% by Mr. Lu Guojie (盧國杰), all of the above individuals are private investors and are independent third parties.

Mr. Fang Yanjun (房燕軍) is the Purchaser's Guarantor and is a PRC citizen and private investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners, the Purchaser's Guarantor and its associates are independent third parties and its associates do not have any interests in the issued share capital of the Company.

Pursuant to the Equity Transfer Agreement, the consideration of RMB70,000,000 (equivalent to approximately HK\$77,000,000) (the "**Consideration**") shall be settled by cash in the following manner:

- (i) RMB30,000,000, as prepayment, to be paid by the Purchaser to the Vendor within seven working days after the signing of the Equity Transfer Agreement; and
- (ii) RMB40,000,000, being the balance of the Consideration, to be paid by the Purchaser to the Vendor within seven working days from the date of Completion.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser after taking into account of (a) the preliminary valuation of 100% equity interest of the Target Company made by Peak Vision Appraisals Limited (the “**Valuer**”, an independent valuer) as at 31 October 2024 of approximately RMB76,500,000 (equivalent to HK\$84,150,000); (b) the current condition of the industrial property market in the PRC; and (c) other factors as set out in the paragraph headed “Reasons for and Benefits of the Disposal”.

In assessing the basis of the consideration in respect of the Disposal, the Company has engaged the Valuer to appraise the value of the entire equity interest of the Target Company (the “**Business Valuation**”). According to the preliminary Business Valuation, the appraised asset value of the Target Company as at 31 October 2024 was approximately RMB76,500,000 (equivalent to HK\$84,150,000) using the asset-based approach.

The Directors consider that the appraisal results reflected the value of the entire equity interest of the Target Company and are fair and reasonable and that the Consideration, being RMB70,000,000, represents a discount of approximately 8.50% to the appraised value under the Business Valuation.

The Directors are of the view that the Consideration is fair and reasonable having considered the prevailing market sentiment of the property market in the PRC.

Reasons for and Benefits of the Disposal

As disclosed in the annual report of the Company for the year ended 30 June 2024 (the “**2024 Annual Report**”), the Group recorded net current liabilities amounted to approximately HK\$46 million. The Group has implemented a prudent financial management policy and continues to derive its working capital from different means, including sale of non-core assets to improve its financial position.

The local real estate market has been adversely impacted by the economic uncertainty over the past few years, resulting in lower transaction volume and liquidity in the recent period. The Group had been offering to lease out or sell the Property since the completion of the construction work for Phase I-B in 2023. It was only until July 2024 that the Group was able to secure a tenancy agreement in relation to Phase I-B with the tenant, and among five other potential purchasers who had approached the Group, the Purchaser is the only willing purchaser who expressed an interest in acquiring the Target Company and the underlying Property on reasonable terms. Furthermore, under the relevant construction land use planning permit, the Group is obliged to construct Phase II of the Industrial Complex, which requires the Group's further capital commitment in the expected amount of approximately RMB260,000,000, inevitably imposing a financial burden on the Group. Coupled with the lower demand for industrial properties in the city as perceived by the Group, as well as the anticipated construction costs of Phase II of the Industrial Complex, the Directors believe that the Property may not be able to generate favourable future rental returns. As a result,

the Directors consider that it would be more prudent to consolidate the Group's resources in managing and maintaining its other properties in the portfolio. Given that a portion of the Industrial Complex previously used by the Group as a backup warehouse which is no longer in use and currently vacant, and the Group has other warehouses in Guangdong Province that can serve as substitutes, the Disposal will not affect the Group's operations. By relieving the burden of further capital and resource commitments required for the future development of Phase II of the Industrial Complex after the Disposal, the Disposal represents a valuable opportunity for the Group to realise the Property and obtain immediate cash flow to satisfy its financial needs amid the prevailing uncertain economic condition.

Having considered the above, the Directors are of the view that the Disposal would allow the Group to save considerable amount of maintenance and development costs, mitigate the risks of the real estate market, improve its liquidity and financial condition, and re-allocate its financial resources to better uses. Accordingly, the Directors consider that (i) the Disposal and the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; (ii) the terms of the Equity Transfer Agreement, which are determined after arm's length negotiations between the parties, are fair and reasonable; and (iii) the Disposal is in the interests of the Company and its shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Special General Meeting and Approval from the Company's Shareholders

The special general meeting ("**SGM**") was convened on 17 February 2025, on which the ordinary resolution in respect of the Equity Transfer Agreement and the transactions contemplated thereunder was duly passed by the shareholders of the Company by way of poll.

Completion

On 7 March 2025, the Company announced that all the conditions precedent under the Equity Transfer Agreement have been fulfilled and completion of the Disposal has taken place on 6 March 2025. Following the completion of the Disposal, the Vendor ceased to have any interest in the Target Company and the Target Company ceased to be a subsidiary of the Company.

Use of Proceeds

The aggregate net proceeds of the Disposal, after deducting transaction costs and expenses, was approximately RMB68,500,000 (equivalent to HK\$75,350,000). The net proceeds of the Disposal were applied in the following manners:

- (i) RMB60,000,000 was applied to repay the bank loan which was due in April 2025 and in August 2025 respectively; and
- (ii) RMB8,500,000 was applied as general working capital of the Group in March 2025.

Further details of the Disposal are set out in the announcements dated 20 November 2024, 20 December 2024, 9 January 2025, 17 February 2025 and 7 March 2025 and the circular dated 24 January 2025.

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 announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

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

As disclosed in the announcements of the Company dated 29 September 2023, 28 February 2024, 27 September 2024 and 27 February 2025, 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. On 28 July 2025, the People's Court of Lianjiang City, Guangdong Province, conducted a cross-examination of the Appraisal Report on construction costs as all parties involved in the case disputed the Appraisal Report and raised objections. As at the date of this announcement, no judgement has been handed down for the retrial.

The Group has been in the course of seeking legal advice and will closely monitor 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.

The shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CORPORATE GOVERNANCE

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.1.3 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 the board of directors, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company.

Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming, 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 for more than nine years since 1 March 2003. In accordance with the Bye-laws, 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 (the “**Audit Committee**”) 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 of the Company (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. Mr. Chung has offered himself for re-election and a separate resolution will be proposed for his re-election at the 2025 AGM.

Mr. Lo Wai Ming has been an independent non-executive Director for more than nine years since 6 January 2000. In accordance with the Bye-laws, 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. Mr. Lo Wai Ming has offered himself for re-election and a separate resolution will be proposed for his re-election at the 2025 AGM.

Mr. Lo Chao Ming (“**Mr. Lo**”) has been an independent non-executive Director for more than nine years since 16 November 2006. In accordance with the Bye-laws, Mr. Lo retired from office by rotation at the 2024 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2024 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. An ordinary resolution was passed at the 2024 AGM to approve the re-appointment of Mr. Lo as an independent non-executive Director.

Code provision B.2.4(b)

Under Code provision B.2.4(b), where all the independent non-executive directors of an issuer have served 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.

With effect from 18 December 2024, Ms. Dou Biling (竇碧玲) (“**Ms. Dou**”) has been appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee, nomination committee and whistleblowing committee of the Company. Full details pertaining to the appointment of Ms. Dou are set out in the announcement of the Company dated 18 December 2024.

Following the appointment of Ms. Dou on 18 December 2024, the Company has complied with the requirements under (i) Rule 13.92 of the Listing Rules regarding gender diversity of the Board with at least one female Director; and (ii) Code provision B.2.4(b).

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.1.3

Under Code provision F.1.3, 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 2024 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 2024 AGM.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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

The Audit Committee has reviewed the annual results of the Group for the year under review as well as the risk management and internal control systems.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2025 as set out in this announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year under review. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

COMPLIANCE WITH THE MODEL CODE

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

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, the shareholders, staff and management of the Company for their continuous dedication, commitment and support in the past year.

On behalf of the Board
Solartech International Holdings Limited
Chau Lai Him
Chairman and Managing Director

Hong Kong, 29 September 2025

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Chau Chi Ho and Mr. Liu Dong Yang and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling.