ANNUAL REPORT 2015

Solartech International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1166

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAU Lai Him
(Chairman and Managing Director)
ZHOU Jin Hua *(Deputy Chairman)*
LIU Dong Yang
BUYAN-OTGON Narmandakh
CHAU Chi Ho

Independent Non-Executive Directors

CHUNG Kam Kwong
LO Wai Ming
LO Chao Ming

COMPANY SECRETARY

CHAN Kam Yee

REGISTERED OFFICE

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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13 Wang Hoi Road
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Kowloon
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STOCK CODE

1166

WEBSITE

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AUDITOR

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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
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
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PRINCIPAL BANKS (IN ALPHABETICAL ORDER)

Bank of China Limited
China CITIC Bank Corporation Limited
DBS Bank (Hong Kong) Limited

FINANCIAL RESULTS

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

BUSINESS REVIEW

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

By geographical market segments, turnover from the business in the Americas decreased by 4.6% to approximately HK$44,661,000 from approximately HK$46,792,000 for the same period of last year, accounting for 5.7% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 4.5% to approximately HK$678,807,000 from approximately HK$710,957,000 (represented) for the same period of last year, accounting for 86.8% of the Group's total turnover. Turnover from the European business increased by 22.3% to approximately HK$39,926,000 from approximately HK$32,648,000 for the same period last year, accounting for 5.1% of the Group's total turnover. Turnover from the business in other markets decreased by 17.1% to approximately HK$18,803,000 from approximately HK$22,676,000 for the same period of last year, accounting for 2.4% of the Group's total turnover.

Cables and Wires

The major customers of the Group's cables and wires business are primarily manufacturers of white goods appliances. During the year under review, the global economies, especially in the U.S. and Europe, were in a cautious observation period, and the economic growth of Mainland China was slowing down gradually. The impact was particularly serious for the Group's major production base, Dongguan City. Each manufacturer was faced with a difficult time. Although the Group made a lot of improvements and adjustments in the sales system and cost reduction and efficiency enhancement during the year under review, the business still recorded a decline of 5.4% as compared to the same period of last year.

Copper Rod Business

The copper rod business comprises the manufacturing and trading of copper rods and copper wires and their related products, which are primarily used in the production of electric wires or cables for household appliances, electronic products and power supply in infrastructure facilities. International commodity market trading prices dropped significantly. International copper prices continued to drop in the year under review. The 3-month London Metal Exchange copper price decreased from approximately US$6,900 at the beginning of the period to approximately US$5,900 at the end of the year. Affected by a reduction in prices of and demand for commodities (such as copper metal), banks recently adopted more stringent measures for providing financing to companies which were engaged in copper metal-related businesses. The copper rod business recorded a decrease of 40.2% as compared to the same period of last year.

Metallurgical Grade Bauxite Trading Business

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

Rental Income

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

Other Business

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

Mining

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

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

During the year, the Group commissioned a qualified appraiser to carry put an impairment review on the carrying value of the mining rights. Due to delay of the mining plan (which led to corresponding reduction in future cash flows) and the change in expected selling price of copper in response to prevailing market conditions, it was necessary to make an impairment provision of approximately HK$180,449,000. Loss on impairment provision is non-cash item and will have no impact on the Group's cash flow and operations. Exploration and evaluation assets are three exploration permits held by the Group in Mongolia. The Group's subsidiaries have held such exploration permits in Mongolia for years. As no reserves of economic and cost effects have been found, the Group will return the exploration permits to the Government when such permits expires. The details of the impairment loss are set out in note 18 to the Financial Statements.

PROSPECTS

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

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

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

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

CHAIRMAN'S STATEMENT

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders to attend and vote at the 2015 Annual General Meeting, the register of members of the Company will be closed from Friday, 18 December 2015 to Tuesday, 22 December 2015, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the 2015 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Thursday, 17 December 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had approximately 900 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas (30 June 2014: 900). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, mandatory provident fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the year ended 30 June 2015, the Group implemented a prudent financial management policy. As at 30 June 2015, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$163 million (30 June 2014: HK$316 million) and value of net current assets was approximately HK$367 million (30 June 2014: HK$332 million). The Group's gearing ratio as at 30 June 2015 was 0.04 (30 June 2014: 0.09), being a ratio of total bank borrowings of approximately HK$68 million (30 June 2014: HK$158 million) to shareholders' funds of approximately HK$1,533 million (30 June 2014: HK$1,671 million).

EXCHANGE RISKS

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

CHARGES ON GROUP ASSETS

As at 30 June 2015, the Group had pledged certain properties, plant and machinery, land use rights and fixed bank deposits with an aggregate net book value of approximately HK$360 million (30 June 2014: HK$202 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2015, the Company had issued guarantees to the extent of approximately HK$9.5 million (30 June 2014: HK$15.5 million) to the banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$9.5 million (30 June 2014: HK$15.5 million) was utilised. As at 30 June 2015, the guarantee to a financial institution issued by the Company was nil (30 June 2014: HK$23.3 million) in respect of commodity trading of copper by its subsidiary.

Financial instruments for hedging purposes

For the year under review, the Group entered into copper forward contracts ("**Derivative Financial Instruments**") to manage copper price risks. The Group's overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group's policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 30 June 2015 and the changes in fair value were charged to the income statement. The net loss from the Derivative Financial Instruments for the year under review was approximately HK$7,959,000 (2013/14: net gain of HK$728,000).

CAPITAL STRUCTURE

Capital Reorganisation, Change of Board Lot Size and Open Offer

Capital Reorganisation and Change of Board Lot Size

As disclosed in an announcement published by the Company on 6 February 2015 (the "**Announcement**"), the Board announced that the Company proposed to implement a reorganization of the share capital of the Company (the "**Capital Reorganisation**") which would involve (a) a consolidation of every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company (the "**Old Shares**") into one consolidated share (the "**Consolidated Share**") of HK$0.10 each (the "**Share Consolidation**"); (b) a reduction in the nominal value of the issued Consolidated Shares from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 on each issued Consolidated Share (the "**Capital Reduction**"); and (c) each of the authorised but unissued Consolidated Shares of HK$0.10 each being sub-divided into ten adjusted shares of HK$0.01 each (the "**Adjusted Shares**") immediately following the Share Consolidation and the Capital Reduction (the "**Share Sub-division**"). The credit of approximately HK$17,008,685.10 arising from the Capital Reduction would be transferred to the contributed surplus account of the Company such that the Company might apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws of the Company including but not limited to setting off against accumulated losses of the Company.

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

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

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

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

Open Offer

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

Based on the results of the Open Offer as announced by the Company on 7 May 2015, the Open Offer was under-subscribed by 301,670,485 Offer Shares (the "**Untaken Shares**"). In accordance with the terms of the Underwriting Agreement, the Underwriter performed its underwriting obligations and procured subscribers to subscribe for all the Untaken Shares. Dealings in the Offer Shares commenced on the Stock Exchange at 9:00 a.m. on 11 May 2015.

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

The utilisation of the net proceeds from the Open Offer as at 30 June 2015 and 29 September 2015 are summarised as follows:

Intended use of net proceeds from the Open Offer	Actual use of net proceeds from the Open Offer as at 30 June 2015 and 29 September 2015
– approximately HK$90 million for repayment of short term loans	– Fully utilised as intended as at 30 June 2015
– approximately HK$50 million for financing new trading business of metallurgical grade bauxite; and	– Fully utilised as intended as at 30 June 2015
– approximately HK$42 million for general working capital of Hong Kong office and the PRC operations of the Group (including the administrative and operation expenses, such as salaries and professional fees, and other office expenses, etc.)	– As at 29 September 2015, approximately HK$37 million (inclusive of approximately HK$22 million utilised as intended as at 30 June 2015) utilised as intended and the remaining was deposited at the banks

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

Refreshment of General Mandate to Allot and Issue Shares

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

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

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

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

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

Placing of New Shares under Current General Mandate

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

Further Refreshment of Current General Mandate to Allot and Issue Shares

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

In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board proposed to seek further refreshment of the Current General Mandate (the "**Further Refreshment of the Current General Mandate**") at a special general meeting of the Company for the Directors to allot and issue new Shares of not exceeding 20% of the issued share capital of the Company as at the date of such special general meeting. The Board believes that the Further Refreshment of the Current General Mandate are in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirement of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

At the special general meeting held on 30 September 2015 (the "**September SGM**"), the Further Refreshment of the Current General Mandate would be approved by the Shareholders of the Company. Under the refreshed Current General Mandate, the Company would be allowed to allot and issue up to 272,138,468 Shares, being 20% of the total number of Shares in issue as at the date of the September SGM.

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

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

On 13 August 2014, the Company announced that Dongguan Hua Yi Brass Products Co., Ltd. ("**Dongguan Hua Yi**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement dated 13 August 2014 (the "**Agreement**") with the shareholders of 河南盛祥實業有限公司 (Henan Shengxiang Industry Co., Ltd.) (the "**Henan Shengxiang**"). Pursuant to the Agreement, Dongguan Hua Yi agreed to inject capital in the amount of RMB8,200,000 (approximately HK$10,303,000) to Henan Shengxiang (the "**Capital Injection**"). The existing core business of Henan Shengxiang is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for the production of aluminum oxide.

As at the date of the Agreement, the total registered capital of Henan Shengxiang amounted to RMB8,000,000 (approximately HK$10,080,000). The Capital Injection was completed on 19 August 2014 and the total registered capital of Henan Shengxiang was increased to RMB16,200,000 (approximately HK$20,412,000). Henan Shengxiang is held as to 51% and 49% of the enlarged registered capital by Dongguan Hua Yi and the existing shareholders of Henan Shengxiang, who are two individuals and independent third parties, respectively. Henan Shengxiang has become an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Injection. The details of the Capital Injection were set out in the announcement of the Company dated 13 August 2014.

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

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

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

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

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

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

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

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

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

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

SIGNIFICANT INVESTMENT

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

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

To raise capital for the Company while broadening its shareholders and capital base, the Company conducted the Open Offer during the year ended 30 June 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2015.

COMPLIANCE WITH THE CODE PROVISIONS

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

Code provision A.2.1

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

During the year under review, Mr. Chau Lai Him acted as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive experience in the cable and wire industry and the mining industry. Mr. Chau is responsible for effective running of the Board and for formulating business strategies. The Directors believe that it is in the best interests of the Group to have Mr. Chau continue to be both the Chairman and the Managing Director of the Company and that the current management structure has been effective in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

Code provision A.4.1

Under Code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The existing independent non-executive Directors were not appointed for a specific term as required under Code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures are in place to ensure that the non-executive Directors are subject to appropriate mechanisms to avoid holding office indefinitely.

Code provision A.4.3

Under Code provision A.4.3, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by Shareholders of the Company.

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

Mr. Lo Wai Ming has been an independent non-executive Director of the Company for more than nine years since 6 January 2000. In accordance with the Bye-laws of the Company, Mr. Lo retired from office by rotation at the 2014 AGM and offered himself for re-election at the 2014 AGM. An ordinary resolution was passed at the 2014 AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive Director of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive Directors of the Company. The Audit Committee has adopted terms of reference which are in line with the Code provisions set out in Appendix 14 of the Listing Rules. During the year under review, the Audit Committee met with the internal audit team to understand and evaluate the financial risk associated to the Group and review the effectiveness of the Group's internal control. The Audit Committee is satisfied with the Group's internal control procedure and financial reporting disclosures. The Audit Committee has reviewed, with management of the Company and the external auditor, the accounting principles and policies adopted by the Group and the annual results of the Group for the year under review.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") comprises the three independent non-executive Directors. It has adopted terms of reference which are in line with the Code provisions. The duties of the Remuneration Committee include reviewing and evaluating the remuneration packages of executive Directors and senior management and making recommendations to the Board from time to time.

NOMINATION COMMITTEE

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding Directors' securities transactions. Having made specific enquiries with all of the Directors, each of the Directors confirmed that he had complied with the required standards set out in the Model Code throughout the year under review.

APPRECIATION

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

On behalf of the Board

Chau Lai Him
Chairman

29 September 2015

EXECUTIVE DIRECTORS

Mr. CHAU Lai Him, aged 64, is the chairman and managing director of the Company and the founder of the Group. Mr. Chau has been appointed as an executive director of the Company since November 1996. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 30 years' experience in the cable and wire industry and extensive experience in the mining industry.

Mr. ZHOU Jin Hua, aged 57, is the deputy chairman of the Company and the general manager of the Group's Dongguan manufacturing facilities. Mr. Zhou has been appointed as an executive director of the Company since November 1996. He is responsible for the day-to-day operations of the Group's Dongguan manufacturing facilities including production, sales and marketing and business development. He has more than 25 years' experience in the manufacturing of cable and wire products.

Mr. LIU Dong Yang, aged 41, has been appointed as an executive director since January 2010. Mr. Liu is the deputy general manager of Shanghai Chau's Electrical Company Limited and is responsible for the financial matters for the trading and manufacturing operations in PRC. He holds a college diploma in international finance from Hunan Finance and Economics College and a bachelor degree in business administration from the distance education college of Renmin University of China. He has more than 15 years' experience in finance and accounting.

Mr. BUYAN-OTGON Narmandakh, aged 40, has been appointed as an executive director of the Company since July 2010 and has focused on resources and investments and finance in Mongolia. He holds a diploma in accounting from the Mongolian State University of Agriculture, a graduate diploma in public administration from the Government of Mongolia Academy of Management and a degree of M.B.A. in accounting from the National University of Mongolia. He has extensive experience in banking and finance in Mongolia.

Mr. CHAU Chi Ho, aged 33, has been appointed as an executive director since April 2015. He is the finance manager of Chau's Electrical Company Limited and is a director of Santai Electronics Limited. He is responsible for accounting and financial management of the subsidiaries of the Group in Dongguan. He holds a bachelor's degree in Business Administration from the California State Polytechnic University Pomona, United States and has extensive experience in auditing, finance and accounting experience. He is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Kam Kwong, aged 58, has been appointed as an independent non-executive director of the Company 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 supervisory council member of the Macau Society of Certified Practising Accountants. He holds a bachelor degree in economics, major 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 and 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, Paulus, aged 63, has been appointed as an independent non-executive director of the Company 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 over 30 years' extensive experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance. He holds a bachelor degree in Social Sciences (Hons) and a master 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 50, has been appointed as an independent non-executive director of the Company since November 2006. He is the general manger of Sunf Pu Technology Co., Ltd, a company incorporated in Taiwan, Republic of China. He has more than 25 years' experience in the cable and wire industry.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. CHAN Kam Yee, Shirley, aged 55, has been appointed as the company secretary of the Company since November 2007. She has more than 25 years' experience in finance and accounting and more than 20 years' experience in company secretarial affairs. 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.

SENIOR MANAGEMENT

Ms. LAM Sui Lan, Miranda, aged 46, rejoined the group in March 2004 and is the assistant to managing director of Chau's Electrical Co., Ltd ("**Chau**"). 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 20 years' experience in sales and marketing in the field of cable and wire products.

Mr. SHIU Sin Hang, aged 29, joined the group in January 2014 and is the accounting manager of Chau's and is responsible for accounting and financial management. He holds a bachelor degree of Commerce (Honors) in Accounting from the Hong Kong Shue Yan University. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and has more than 6 years' experience in auditing, finance and accounting experience.

Mr. ZHOU Qi Qin, aged 51, joined the group in November 1988 and is the operations manager of Dongguan Qiaozi Chau's Electrical Co., Ltd ("**Dongguan Qiaozi**"). He is responsible for the production operations of the Dongguan Qiaozi manufacturing facilities. He has more than 25 years' experience in manufacturing management.

Mr. YUEN Hoi Cheung, aged 48, joined the group in March 1985 and is the operations manager of Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"). He is responsible for materials control, production planning, purchasing, warehouse management and customer services of the Dongguan Hua Yi manufacturing facilities. He has more than 30 years' experience in operations management.

The Directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 30 June 2015 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and jointly ventures are set out in notes 20 and 21, to the Financial Statements, respectively.

RESULTS

The results of the Group for the year ended 30 June 2015 are set out in the consolidated statement of comprehensive income on page 32 of this report.

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2015.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 30 June 2015 are set out in note 32 to the Financial Statements.

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 106 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of additions and other movements during the year ended 30 June 2015 in the property, plant and equipment of the Group are set out in note 15 to the Financial Statements.

SHARE CAPITAL

Details of changes in the share capital of the Company during the year ended 30 June 2015 are set out in note 34 to the Financial Statements.

RESERVES

The Company's distributable reserve at 30 June 2015 was nil (30 June 2014: Nil). Details of movements in the reserves of the Group during the year ended 30 June 2015 are set out in the consolidated statement of changes in equity on pages 36 and 37 of this report.

CONNECTED TRANSACTIONS

During the year ended 30 June 2015, related party transaction which does not constitute connected transaction under the Listing Rules was nil as disclosed in note 41 to the Financial Statements. Other than disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 30 June 2015.

CONTINGENT LIABILITIES

There was no significant contingent liability as at 30 June 2015. The contingent liabilities as at 30 June 2015 are disclosed in note 46 to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the period and up to the date of this report were:

Executive Directors:

Mr. Chau Lai Him *(Chairman and Managing Director)*
Mr. Zhou Jin Hua *(Deputy Chairman)*
Mr. Liu Dong Yang
Mr. Buyan-Otgon Narmandakh
Mr. Chau Chi Ho *(Appointed on 2 April 2015)*

Independent non-executive Directors:

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

Messrs. Buyan-Otgon Narmandakh, Chau Chi Ho and Lo Chao Ming will retire by rotation from office as Directors at the forthcoming annual general meeting and Messrs. Buyan-Otgon Narmandakh, Chau Chi Ho and Lo Chao Ming, being eligible, will offer themselves for re-election pursuant to Bye-law 87 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 above Bye-Laws.

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 15 to 16 to this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, none of the Directors and the chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any 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.

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

As at 30 June 2015, according to the register kept by the Company pursuant to section 336 of SFO, the following person (other than the Directors and the chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO. The details are set out, as follows:

Name of Shareholder	Nature of interests	Number of Shares interested	Approximate percentage of the issued share capital as at 30 June 2015
Mr. Luo Shandong	Beneficial owner	114,000,000 Shares	10.05%

Save as disclosed above, so far as is known to any of the Directors and chief executives of the Company, as at 30 June 2015, no other person or corporation other than a Director or a chief executive of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTIONS

Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 18 December 2012, the Company conditionally adopted the share option scheme (the "**Share Option Scheme**"). The details of the Share Option Scheme are set out in the circular to the Shareholders of the Company dated 24 October 2012.

During the year ended 30 June 2015, no share options were granted, exercised, lapsed, cancelled or outstanding under the Share Option Scheme.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Options" of this report, at no time during the year ended 30 June 2015 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 30 June 2015 or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2015, the five largest customers of the Group together accounted for approximately 38.7% of the Group's total turnover and the five largest suppliers of the Group together accounted for approximately 72.1% of the Group's total purchases, with the largest customer accounted for approximately 18.5% of the Group's total turnover and the largest supplier accounted for approximately 26.3% of the Group's total purchases during the year.

At no time during the year ended 30 June 2015 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.

EMOLUMENT POLICY

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 persons, including Directors of the Company and eligible employees of the Group, for their contribution and continuing efforts to the Group. Details of the Share Option Schemes are set out in note 39 to the Financial Statements.

RETIREMENT SCHEME

Particulars of the Group's retirement scheme are set out in note 40 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

To raise capital for the Company while broadening its shareholder and capital base, the Company conducted the Open Offer during the year ended 30 June 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities during the year ended 30 June 2015.

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.

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 report, the Directors are satisfied that the Company has maintained the prescribed minimum public float under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 47 of the Financial Statements.

AUDITOR

A resolution will be submitted to the 2015 Annual General Meeting to re-appoint Messrs. BDO Limited as auditors of the Company.

On behalf of the Board

Chau Lai Him
Chairman

29 September 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE CODE PROVISIONS

Throughout the financial year ended 30 June 2015, the Company complied with the Code except for the deviations from Code provisions A.2.1, A.4.1 and A.4.3 which are explained below.

Code provision A.2.1

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

During the year ended 30 June 2015, Mr. Chau Lai Him acted as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive experience in the cable and wire industry and the mining industry. Mr. Chau is responsible for effective running of the Board and for formulating business strategies. The Directors believe that it is in the best interests of the Group to have Mr. Chau continue to be both the Chairman and the Managing Director of the Company and that the current management structure has been effective in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

Code provision A.4.1

Under Code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election.

The existing independent non-executive Directors were not appointed for a specific term as required under Code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures are in place to ensure that the non-executive Directors are subject to appropriate mechanisms to avoid holding office indefinitely.

Code provision A.4.3

Under Code provision A.4.3, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the Company (the "**Shareholders**").

Mr. Chung Kam Kwong has served as an independent non-executive Director 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 annual general meeting of the Company held on 28 November 2013 (the "**2013 AGM**") and offered himself for re-election at the 2013 AGM. An ordinary resolution was passed at the 2013 AGM to approve the appointment of Mr. Chung Kam Kwong as an independent non-executive Director.

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 of the Company, Mr. Lo retired from office by rotation at the annual general meeting of the Company held on 19 November 2014 (the "**2014 AGM**") and offered himself for re-election at the 2014 AGM. An ordinary resolution was passed at the 2014 AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive Director.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the year ended 30 June 2015, complied with the required standards set out therein.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility of managing the Company's business and affairs and the ultimate responsibility of 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 eight Directors, with five executive Directors, Messrs. Chau Lai Him (Chairman and Managing Director), Zhou Jin Hua (Deputy Chairman), Liu Dong Yang, Buyan-Otgon Narmandakh and Chau Chi Ho 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 Directors are disclosed on page 15 of this annual report. The Board has published and maintained on its website and on the Stock Exchange's website an updated list of the Directors identifying their role and function.

The Board met regularly throughout the year ended 30 June 2015. 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, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matter 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 Chairman and Managing Director are not separate and the explanation in connection with such deviation from Code provision A.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.

The independent non-executive Directors were not appointed for a specific term and explanation in connection with such deviation from Code provision A.4.3 is set out in the section headed "Compliance with the Code Provisions" of this report.

During the year ended 30 June 2015, 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. Lo Wai Ming and Mr. Chung Kam Kwong served as an independent non-executive Director for more than nine years and explanation in connection with such deviation from Code provision A.4.3 is set out in the section headed "Compliance with the Code Provisions" of this report.

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 2015, the Board held 7 Board meetings. The attendance records of each member of the Board at Board meetings, audit committee meetings, nomination committee meetings, remuneration committee meetings and the 2014 AGM are set out below:

	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Board meetings	2014 AGM
Executive Directors					
Chau Lai Him	—	1	—	7	1
Zhou Jin Hua	—	—	—	7	1
Liu Dong Yang	—	—	—	7	—
Buyan-Otgon Narmandakh	—	—	—	6	—
Chau Chi Ho	—	—	—	2	—
Independent non-executive Directors					
Chung Kam Kwong	3	2	2	7	1
Lo Wai Ming	3	2	2	7	1
Lo Chao Ming	3	2	2	7	—

During the year ended 30 June 2015, the Company also held two special general meetings (the "**SGMs**"). The first SGM was held on 1 April 2015 and three Directors were present. The second SGM was held on 9 June 2015 and two Directors were present.

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 A.1.7.

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

Under Code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the year ended 30 June 2015, 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.

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 from 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 2015, the Remuneration Committee held 2 meetings and all committee members were present at the meeting. The Remuneration Committee has reviewed the remuneration packages of all executive Directors and senior management, assessed performance of executive Directors and senior management and made recommendations to the Board in connection with the remuneration of the non-executive Directors. Details of the emoluments of the Directors are set out in note 9 to the Financial Statements.

NOMINATION COMMITTEE

The nomination committee of the Company (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 from the Company's website and the Stock Exchange's website. The Nomination Committee shall meet at least once a year.

During the year ended 30 June 2015, the Nomination Committee held 2 meetings 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, any Director appointed to fill a casual vacancy of the Board shall hold office only until the next following general meeting of the Company and any Director appointed as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at the relevant meeting meeting. 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. The Bye-laws 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 AGM. The Company's circular to be despatched to the Shareholders will contain detailed information of the Directors standing for re-election.

AUDITOR'S REMUNERATION

During the year ended 30 June 2015, the remunerations paid and payable to the auditor of the Group, BDO Limited, for the provision of the Group's audit services and non-audit related services were HK$1,000,000 and HK$490,000 respectively.

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 one year 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, the nature and scope of audit review as well as the effectiveness of the system of internal control procedures and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, reappointment 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 from 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 2015, the Audit Committee held 3 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 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 2015 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 2015.

SUMMARY OF THE BOARD DIVERSITY POLICY

On 28 August 2013, the Board adopted a board diversity policy (the "**Policy**") in compliance with Code provision A.5.6, which came into effect on 1 September 2013.

The 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. 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.

SHARE INTERESTS OF SENIOR MANAGEMENT

As at 30 June 2015, none of the senior management of the Company (whose biographical details are disclosed on page 16 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.

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 and its 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.

There was no significant change in the Company's constitutional documents during the year ended 30 June 2015.

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, and assists the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

During the year ended 30 June 2015, Ms. Chan has attended relevant professional seminars to update her skills and knowledge and has complied with the Listing Rules to take no less than 15 hours of relevant professional training.

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.

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 specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so 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 7, 2nd Floor, Kingsford Industrial Centre
13 Wang Hoi Road, Kowloon Bay
Kowloon, Hong Kong
E-mail: enquiry@solartechhk.com
Tel no.: (852) 2796 1628
Fax no.: (852) 2799 9835

A copy of the Shareholders' communication policy of the Company is available from the Company's website.

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.

SYSTEM OF INTERNAL CONTROLS

The Board ensures the maintenance of sound and effective 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 system of internal controls of the Group annually or at anytime necessary. The review covers all material controls, including financial, operational and compliance controls, 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 Board has reached the conclusion that the Group's internal control system was in place and effective.

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 2015, 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 30 and 31 of this annual report.

On behalf of the Board

Chau Lai Him
Chairman

29 September 2015

INDEPENDENT AUDITOR'S REPORT

BDO

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TO THE SHAREHOLDERS OF SOLARTECH INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Solartech International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 104, which comprise the consolidated and company statements of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate number: P05308

Hong Kong, 29 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	6 and 7	**782,197**	813,073
Cost of sales		**(746,471)**	(785,400)
Gross profit		**35,726**	27,673
Interest income		**1,917**	2,099
Other income and gains		**6,847**	4,454
General and administrative expenses		**(109,582)**	(100,987)
Selling and distribution expenses		**(22,520)**	(9,712)
Finance costs	10	**(11,001)**	(12,007)
Change in fair value of derivative financial instruments	26	**(7,959)**	728
Change in fair value of investment properties, net	16	**20,037**	5,614
Change in fair value and loss on disposal of financial assets at fair value through profit or loss	25	**(10,671)**	5,852
(Impairment loss)/reversal of impairment loss for doubtful debts, net	23	**(24,298)**	234
(Impairment loss)/reversal of impairment loss on mining right and exploration and evaluation assets	18 and 19	**(198,987)**	54,000
Gain on bargain purchase of a subsidiary	43	**278**	—
Share of results of joint ventures		**(46,091)**	(15,538)
Loss before taxation	8	**(366,304)**	(37,590)
Taxation	11	**(3,095)**	(125)
Loss for the year	12	**(369,399)**	(37,715)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on transfer from property, plant and equipment to investment properties, net of deferred tax		**58,122**	—
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(10,158)**	(7,766)
Other comprehensive income for the year		**47,964**	(7,766)
Total comprehensive income for the year		**(321,435)**	(45,481)
Loss attributable to:			
Owners of the Company		**(370,292)**	(37,709)
Non-controlling interests		**893**	(6)
		(369,399)	(37,715)
Total comprehensive income attributable to:			
Owners of the Company		**(322,338)**	(45,475)
Non-controlling interests		**903**	(6)
		(321,435)	(45,481)
Loss per share:	14		(Represented)
– Basic and diluted (HK$)		**(0.81)**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**146,563**	192,963
Investment properties	16	**313,828**	135,941
Prepaid lease payments for land	17	**60,308**	89,475
Mining right	18	**675,668**	856,160
Exploration and evaluation assets	19	**—**	18,538
Interests in joint ventures	21	**38,644**	84,686
Total non-current assets		**1,235,011**	1,377,763
Current assets			
Inventories	22	**45,089**	85,324
Debtors, other loans and receivables, deposits and prepayments	23	**271,108**	195,678
Bills receivable	24	**6,937**	2,245
Financial assets at fair value through profit or loss	25	**48,032**	50,186
Prepaid lease payments for land	17	**2,040**	2,694
Derivative financial assets	26	**11**	778
Pledged deposits and bank balances	27, 28	**362**	47,553
Bank balances and cash	28	**162,463**	268,497
Total current assets		**536,042**	652,955
Current liabilities			
Creditors, other advances and accrued charges	29	**100,855**	88,302
Bills payable	30	**—**	74,351
Taxation		**316**	135
Obligations under finance leases	31	**—**	146
Borrowings	32	**67,747**	158,219
Derivative financial liabilities	26	**153**	—
Total current liabilities		**169,071**	321,153
Net current assets		**366,971**	331,802
Total assets less current liabilities		**1,601,982**	1,709,565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred tax liabilities	33	**57,439**	35,956
Total non-current liabilities		**57,439**	35,956
Total net assets		**1,544,543**	1,673,609
EQUITY			
Capital and reserves			
Share capital	34	**11,339**	18,899
Reserves		**1,521,510**	1,652,379
Equity attributable to owners of the Company		**1,532,849**	1,671,278
Non-controlling interests	36	**11,694**	2,331
Total equity		**1,544,543**	1,673,609

The consolidated financial statements on pages 32 to 104 were approved and authorised for issue by the Board of Directors on 29 September 2015 and are signed on its behalf by:

CHAU LAI HIM
DIRECTOR

ZHOU JIN HUA
DIRECTOR

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Interests in subsidiaries	20	**1,457,646**	1,318,942
Total non-current asset		**1,457,646**	1,318,942
Current assets			
Deposits and prepayments		**333**	234
Bank balances and cash	28	**71,338**	133,206
Total current assets		**71,671**	133,440
Current liabilities			
Other advances and accrued charges		**762**	605
Total current liabilities		**762**	605
Net current assets		**70,909**	132,835
Total net assets		**1,528,555**	1,451,777
EQUITY			
Capital and reserves			
Share capital	34	**11,339**	18,899
Reserves	35	**1,517,216**	1,432,878
Total equity		**1,528,555**	1,451,777

The financial statements on pages 32 to 104 were approved and authorised for issue by the Board of Directors on 29 September 2015 and are signed on its behalf by:

CHAU LAI HIM
DIRECTOR

ZHOU JIN HUA
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2013	1,875	1,189,524	612,360	(2,480)	4,866	(311,824)	1,494,321	500	1,494,821
Loss for the year	—	—	—	—	—	(37,709)	(37,709)	(6)	(37,715)
Other comprehensive income	—	—	—	(7,766)	—	—	(7,766)	—	(7,766)
Total comprehensive income for the year	—	—	—	(7,766)	—	(37,709)	(45,475)	(6)	(45,481)
Placements of new shares (Note 34)	1,275	37,031	—	—	—	—	38,306	—	38,306
Shares issued under open offer (Note 34)	15,749	168,377	—	—	—	—	184,126	—	184,126
Capital contribution during the year	—	—	—	—	—	—	—	1,837	1,837
At 30 June 2014	18,899	1,394,932	612,360	(10,246)	4,866	(349,533)	1,671,278	2,331	1,673,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	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	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2014	18,899	1,394,932	612,360	(10,246)	4,866	—	(349,533)	1,671,278	2,331	1,673,609
Loss for the year	—	—	—	—	—	—	(370,292)	(370,292)	893	(369,399)
Other comprehensive income	—	—	—	(10,168)	—	58,122	—	47,954	10	47,964
Total comprehensive income for the year	—	—	—	(10,168)	—	58,122	(370,292)	(322,338)	903	(321,435)
Deemed acquisition of a subsidiary (Note 43)	—	—	—	—	—	—	—	—	10,107	10,107
Acquisition of additional interest in a subsidiary (Note 44)	—	—	—	—	—	—	(189)	(189)	(1,647)	(1,836)
Capital reorganisation (Note 34)	(17,009)	—	—	—	—	—	17,009	—	—	—
Shares issued under open offer (Note 34)	9,449	174,649	—	—	—	—	—	184,098	—	184,098
At 30 June 2015	11,339	1,569,581	612,360	(20,414)	4,866	58,122	(703,005)	1,532,849	11,694	1,544,543

Notes:

The contributed surplus represented (i) the net balance after setting off accumulated losses of the Company from reduced share capital and cancelled share premium of the Company where applicable in accordance with the Company's capital reorganisations in September 2002 and November 2012; and (ii) the credit arising from the capital reduction in accordance with the Company's capital reorganisation in July 2009.

The exchange reserve comprised all foreign exchange differences arising from the translation of the financial statements of foreign operations, hedges of net investment in foreign operations and share of reserves of associate.

The statutory reserve fund of the Group represents reserve required by the relevant People's Republic of China (the "PRC") laws applicable to the Company's PRC subsidiaries and share of statutory reserve fund of joint ventures.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Loss before taxation	**(366,304)**	(37,590)
Adjustments for:		
Interest income	**(1,917)**	(2,099)
Finance costs	**11,001**	12,007
Change in fair value of derivative financial instruments	**7,959**	(728)
Change in fair value of investment properties, net	**(20,037)**	(5,614)
Change in fair value and loss on disposal of financial assets at fair value through profit or loss	**10,671**	(5,852)
Impairment loss/(reversal of impairment loss) for doubtful debts, net	**24,298**	(234)
Impairment loss/(reversal of impairment loss) on mining right and exploration and evaluation assets	**198,987**	(54,000)
Share of results of joint ventures	**46,091**	15,538
Depreciation of property, plant and equipment	**25,138**	28,957
Provision made for inventories	**2,476**	153
Charge of prepaid lease payments for land	**2,377**	2,755
Gain on bargain purchase of a subsidiary	**(278)**	—
Loss/(gain) on disposal of property, plant and equipment, net	**106**	(2,184)
Operating loss before working capital changes	**(59,432)**	(48,891)
Decrease/(increase) in inventories	**40,360**	(5,313)
(Increase)/decrease in debtors, other loans and receivables, deposits and prepayments	**(91,603)**	82
Increase in bills receivable	**(4,692)**	(950)
Purchases of financial assets at fair value through profit or loss	**(8,517)**	—
(Decrease)/increase in creditors, other advances and accrued charges	**(5,483)**	38,816
Decrease in bills payable	**(74,351)**	(5,334)
Change in derivative financial instruments	**(7,039)**	(1,860)
Cash used in operations	**(210,757)**	(23,450)
Taxation paid	**(836)**	(567)
Net cash used in operating activities	**(211,593)**	(24,017)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 HK$'000	2014 HK$'000
Investing activities		
Interest received	**1,917**	2,099
Purchases of property, plant and equipment	**(30,771)**	(35,469)
Proceeds from disposal of property, plant and equipment	**13**	2,511
Net cash inflows from deemed acquisition of a subsidiary	**21,195**	—
Decrease/(increase) in pledged deposits and bank balances	**47,191**	(13,493)
Net cash generated from/(used in) investing activities	**39,545**	(44,352)
Financing activities		
Interest paid on borrowings	**(10,998)**	(11,995)
Interest paid on finance leases	**(3)**	(12)
Capital contribution from non-controlling interest owner	**—**	1,837
Net proceeds from issue of new shares	**184,098**	222,432
Acquisition of additional interest in a subsidiary	**(1,836)**	—
New borrowings raised	**98,979**	229,457
Repayment of obligations under finance leases	**(146)**	(186)
Repayment of borrowings	**(204,238)**	(248,671)
Net cash generated from financing activities	**65,856**	192,862
Net (decrease)/increase in cash and cash equivalents	**(106,192)**	124,493
Cash and cash equivalents at beginning of the year	**268,497**	142,316
Effect of foreign exchange rate changes	**158**	1,688
Cash and cash equivalents at end of the year	**162,463**	268,497
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**162,463**	268,497

1. ORGANISATION AND OPERATIONS

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, manufacture and trading of copper rods, trading of metallurgical grade bauxite, investment properties and holding of mining right and exploration and evaluation assets. Its joint ventures are engaged in holding of mining permits. Further details are set out in Notes 20 and 21.

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

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

(a) Adoption of new/revised HKFRSs – effective 1 July 2014

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

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

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

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

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

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

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

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

Effective dates:

(1) Annual periods beginning on or after 1 January 2016
(2) Annual periods beginning on or after 1 January 2017
(3) Annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

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

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

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

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

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

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

HKFRS 9 (2014) – Financial Instruments

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

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

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

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

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

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

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with all applicable Hog Kong Financial Reporting Standards, 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 financial statements include applicable disclosures required by the Listing Rules.

Basis of preparation of financial statements

These 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.

Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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

Business combination and basis of consolidation (continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Group's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Group on the basis of dividends received and receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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

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.

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	6.67% - 20%
Motor vehicles	20% - 30%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

Prepaid lease payments for land

Prepaid lease payments for land are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments for land are amortised on a straight-line basis over the respective terms of the land use rights.

Mining right

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 and reserves of the mines on the unit-of-production method.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are classified as mining right, and mineral properties under property, plant and equipment where appropriate. These assets are assessed for impairment annually and before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

– the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

– substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

– exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

– sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

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

Impairment of assets excluding goodwill and exploration and evaluation 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 cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss.

Income taxes

Income taxes for the year comprise current tax and deferred tax.

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 between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable 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.

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

Income taxes (continued)

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, 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.

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Assets held under finance leases are capitalised at their fair values at the inception of the leases or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the consolidated statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 as 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 as 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 Hong Kong dollar 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 recognised in profit or loss in the period in which the foreign operation is disposed of.

Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

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

Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

The Group's non-derivative financial assets mainly include loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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

Financial instruments (continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense respectively over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial asset/liability respectively, or where appropriate, a shorter period.

(v) Equity instruments

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

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

Financial instruments (continued)

(vi) 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 HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

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 economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of 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 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 economic benefits is remote.

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of share options has been recognised in profit or loss as share-based payments.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of returns, discounts and other similar allowances and excludes value-added tax or other sales related taxes.

(i) Sales of goods are recognised on transfer of risk and rewards of ownership which is at the time of delivery and title has passed to customer.

(ii) Interest income from a financial asset is accrued on a time-apportioned basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) Rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease term.

(iv) Revenue from provision of services is recognised when the services have been rendered.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Employees' benefits

Short term benefits

Salaries, annual bonuses, paid annual leaves and other allowances are accrued in the year in which the associated services are rendered by employees.

Defined contribution pension obligations

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. The Group has no further payment obligations once the contributions have been made.

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

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimation and assumptions concerning the future in the application of the Group's accounting policies. The resulting accounting estimates may not equal to the actual results. The key estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as below.

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 reassess the estimations at the end of each reporting period.

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 anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Reserve estimates and amortisation 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. This 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.

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. KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of property, plant and equipment

In determining whether an item of property, plant and equipment 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 value of an asset or a cash-generating unit can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or cash-generating unit, or derecognition; and (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. Changing the assumptions 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.

Estimated impairment of trade and loan receivables

The Group makes allowance for impairment of trade and loan receivables based on an estimate of the recoverability of these receivables. Allowances are applied to receivables where events of changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and loan receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and allowance for impairment losses in the period in which such estimate had been changed.

Impairment of mining right and exploration and evaluation assets

The Group's mining right and exploration and evaluation assets are assessed annually to determine for any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs of disposal and value in use. 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 mineral assets is generally determined as the present value of estimate future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. 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.

5. FINANCIAL RISK MANAGEMENT

a. Financial risk management objectives and policies

The Group's major financial instruments include trade debtors, other loans and receivables, deposits, bills receivable, pledged deposits, bank balances and cash, financial assets at fair value through profit or loss, derivative financial assets and liabilities, trade creditors, bills payable, obligations under finance leases and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Most of the Group's assets and liabilities are denominated in HK$, United States dollars ("U.S. Dollars") and Renminbi ("RMB"), which are the functional currencies of respective group companies. The Group does not expect any significant exposure to foreign currency risks.

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 addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. 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.

The credit risk on liquid funds is limited because the counterparts are banks with high credit-ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors are set out in Note 23.

5. FINANCIAL RISK MANAGEMENT (continued)

a. Financial risk management objectives and policies (continued)

Interest rate risk

Cash flow interest rate risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of the financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk which relates primarily to the Group's floating-rate bank borrowings and the details of borrowings are disclosed in Note 32. Management closely monitors cash flow interest rate risk 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 fair value interest rate risk.

The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 32.

At 30 June 2015, 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 and the accumulated losses by approximately HK$677,000 (2014: HK$1,582,000).

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 2014.

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

5. FINANCIAL RISK MANAGEMENT (continued)

a. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group	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
2015				
Borrowings	67,747	70,001	70,001	—
Creditors, other advances and accrued charges, and bills payable	100,855	100,855	100,855	—
	168,602	170,856	170,856	—
Derivative financial liabilities	153	153	153	—

The Group	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
2014				
Borrowings	158,219	164,273	164,273	—
Obligations under finance leases	146	149	149	—
Creditors, other advances and accrued charges, and bills payable	162,653	162,653	162,653	—
	321,018	327,075	327,075	—
Derivative financial liabilities	—	—	—	—

5. FINANCIAL RISK MANAGEMENT (continued)

a. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Company	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
2015				
Other advances and accrued charges	762	762	762	—
Financial guarantee issued and maximum amount guaranteed	—	—	9,483	—

The Company	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
2014				
Other advances and accrued charges	605	605	605	—
Financial guarantee issued and maximum amount guaranteed	—	—	38,716	—

5. FINANCIAL RISK MANAGEMENT (continued)

a. Financial risk management objectives and policies (continued)

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 futures contracts to hedge against the fluctuations of copper price. Details of the copper futures contracts outstanding at the end of reporting period are set out in Note 26.

At 30 June 2015, it is estimated that a general increase/decrease of 10% in copper futures contract price, with all other variables held constant, would decrease/increase the Group's loss for the year and the accumulated losses by approximately HK$1,747,000 (2014: HK$776,000) in respect of the instruments outstanding throughout the year.

The sensitivity analysis above has been determined assuming that the change in copper futures contract price had occurred at the end of reporting period and had been applied to the exposure to copper futures 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 futures contract price over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 30 June 2014.

Price risk

The Group is exposed to equity price changes arising from financial assets at fair value through profit or loss 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 2015, 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 the accumulated losses by HK$4,803,000 (2014: HK$5,018,000).

5. FINANCIAL RISK MANAGEMENT (continued)

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;
- 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; and
- the fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials according to professional valuation report, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

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.

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.

5. FINANCIAL RISK MANAGEMENT (continued)

b. Fair value (continued)

At 30 June 2015, the Group's derivatives are measured at fair value. During the year, there is no significant transfer between Level 1 and Level 2.

	Group 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets				
Copper futures contracts	**11**	—	—	**11**
Financial assets at fair value through profit or loss	**48,032**	—	—	**48,032**
	48,043	—	—	**48,043**
Liabilities				
Copper future contracts	**153**	—	—	**153**

	Group 2014			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Copper futures contracts	778	—	—	778
Financial assets at fair value through profit or loss	50,186	—	—	50,186
	50,964	—	—	50,964
Liabilities				
Copper future contracts	—	—	—	—

6. TURNOVER

Turnover, which is also the revenue, represents the amounts received and receivable for goods sold and provision of services to outside customers, net of returns and discounts and sales related taxes during the year.

7. SEGMENTAL INFORMATION

(a) Reportable segments

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

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

(i) manufacture and trading of cables and wires;

(ii) manufacture and trading of copper rods;

(iii) trading of metallurgical grade bauxite; and

(iv) investment properties.

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

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

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

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

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

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2015

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

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2014 (represented)

	Cables and wires HK$'000	Copper rods HK$'000	Investment properties HK$'000	Others HK$'000	Total HK$'000	Elimination HK$'000	Total HK$'000
Revenue from external customers	224,879	531,674	8,789	47,731	813,073	—	813,073
Inter-segment revenue	—	9,852	13	—	9,865	(9,865)	—
Reportable segment revenue	224,879	541,526	8,802	47,731	822,938	(9,865)	813,073
Reportable segment (loss)/profit	(35,460)	(12,041)	9,194	(14,196)	(52,503)	—	(52,503)
Finance costs	(3,273)	(8,734)	—	—	(12,007)	—	(12,007)
Change in fair value of derivative financial instruments	—	(603)	—	1,331	728	—	728
Change in fair value of inancial assets at fair value through profit or loss	—	—	—	5,852	5,852	—	5,852
Change in fair value of investment properties, net	—	—	5,614	—	5,614	—	5,614
Reversal of impairment loss for doubtful debts, net	234	—	—	—	234	—	234
Depreciation of property, plant and equipment							
– allocated	(10,460)	(5,799)	(7)	(12,506)	(28,772)	—	(28,772)
– unallocated							(185)
							(28,957)
Taxation	670	311	(1,106)	—	(125)	—	(125)

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

As at 30 June 2015

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

As at 30 June 2014 (represented)

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

7. SEGMENTAL INFORMATION (continued)

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

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

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

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

7. SEGMENTAL INFORMATION (continued)

(c) Geographical information

The Group's operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets (the "Specified non-current assets") are located in Hong Kong, the PRC, Americas, Europe and other Asian regions.

The following table provides an analysis of the Group's sales and the Specified non-current assets by geographical areas from continuing operations, irrespective of the origin of the goods:

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

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

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

7. SEGMENTAL INFORMATION (continued)

(d) Information about major customers

During the year, no customer with whom the transactions exceed 10% of the Group's manufacture and trading of cables and wires segment, manufacture and trading of copper rods segment, and investment properties segment; whereas one customer contributed revenue of HK$184,981,000 to the Group's trading of metallurgical grade bauxite segment.

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

8. LOSS BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
It is arrived at after charging:		
Auditor's remuneration	1,490	1,428
Depreciation of property, plant and equipment	25,138	28,957
Cost of inventories (Note)	746,471	785,400
Provision made for inventories	2,476	153
Charge of prepaid lease payments for land	2,377	2,755
Operating lease rentals in respect of rented premises	1,754	596
Loss on disposal of property, plant and equipment	106	—
Exchange differences, net	7,134	3,072
Wages, salaries and retirement benefit scheme contributions including directors' remuneration (Note 9)	44,377	39,642
and after crediting:		
Rental income of property, plant and equipment	1,306	1,694
Gain on disposal of property, plant and equipment, net	—	2,184

Note:

Cost of inventories includes HK$22,425,000 (2014: HK$29,208,000) relating to staff costs, depreciation of property, plant and equipment and charge of prepaid lease payments for land, for which the amounts are also included in the respective total amounts disclosed separately above. Cost of inventories also includes provision made for inventories of HK$2,476,000 (2014: HK$153,000).

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:

Name of director	Fees		Salaries and other benefits		Retirement benefit scheme contributions		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Mr. Chau Lai Him	—	—	**5,962**	5,662	**18**	15	**5,980**	5,677
Mr. Zhou Jin Hua	—	—	**1,420**	1,422	**18**	16	**1,438**	1,438
Mr. Liu Dong Yang	**264**	264	**212**	154	**64**	68	**540**	486
Mr. Buyan-Otgon Narmandakh	**140**	140	—	—	—	—	**140**	140
Mr. Chau Chi Ho	—	—	**450**	—	**18**	—	**468**	—
Mr. Chung Kam Kwong	**324**	300	—	—	—	—	**324**	300
Mr. Lo Wai Ming	**204**	180	—	—	—	—	**204**	180
Mr. Lo Chao Ming	**84**	72	—	—	—	—	**84**	72
Total	**1,016**	956	**8,044**	7,238	**118**	99	**9,178**	8,293

There was no share option granted to any director of the Company in the current and prior years.

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 (2014: two) executive directors of the Company, details of whose remuneration are included above. The emoluments of the remaining three (2014: three) non-director individuals were as follows:

	2015	2014
	HK$'000	HK$'000
Salaries and other benefits	**2,407**	2,452
Retirement benefit scheme contributions	**229**	165
	2,636	2,617

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

Remuneration of these individuals was within the following bands:

	Number of individuals	
	2015	2014
HK$Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$1,500,000	**2**	1

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

	Number of individuals	
	2015	2014
HK$Nil – HK$1,000,000	**10**	11
HK$1,000,001 – HK$1,500,000	**3**	2

10. FINANCE COSTS

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

11. TAXATION

	The Group	
	2015	2014
	HK$' 000	HK$' 000
Hong Kong profits tax:		
Current year	**—**	—
Taxation in other jurisdictions:		
Current year	**1,034**	460
(Over)/under-provision in respect of prior years	**(17)**	85
	1,017	545
Deferred taxation (Note 33)	**2,078**	(420)
Taxation for the year	**3,095**	125

11. TAXATION (continued)

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in Hong Kong during the current and prior years.

Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The standard corporate income tax rate for enterprises in the PRC is 25%. Accordingly the applicable corporate income tax rate was 25% for the years ended 30 June 2015 and 2014.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Loss before taxation	**(366,304)**	(37,590)
Tax at the PRC income tax rate of 25% (2014: 25%)	**(91,576)**	(9,397)
Tax effect of expenses not deductible for tax purpose	**79,590**	7,868
Tax effect of income not taxable for tax purpose	**(4,482)**	(15,787)
Tax effect of tax losses not recognised	**8,752**	12,156
Utilisation of tax losses previously not recognised	**(875)**	(672)
(Over)/under-provision in respect of prior years	**(17)**	85
Effect of different tax rates of the Company's subsidiaries operating outside the PRC	**180**	1,987
Tax effect on share of results of joint ventures	**11,523**	3,885
Taxation for the year	**3,095**	125

12. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss from ordinary activities attributable to owners of the Company for the year ended 30 June 2015 includes a loss of HK$7,320,000 (2014: HK$6,498,000) which has been dealt with in the financial statements of the Company.

13. DIVIDEND

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

14. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of shares in issue during the year, as adjusted to reflect the capital reorganisation and open offer during the year. Basic and diluted loss per share amounts for the year ended 30 June 2014 are represented to reflect the capital reorganisation and open offer during the current year.

Loss

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

Number of shares

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

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

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
THE GROUP						
COST:						
At 1 July 2013	264,036	27,277	55,429	399,824	31,140	777,706
Currency realignment	(3,003)	(378)	(626)	(2,752)	(363)	(7,122)
Additions	394	639	6,249	34,132	1,001	42,415
Written off	(942)	—	(542)	(1,873)	—	(3,357)
Disposals	—	—	(110)	(24,753)	(828)	(25,691)
At 30 June 2014 and 1 July 2014	260,485	27,538	60,400	404,578	30,950	783,951
Currency realignment	41	21	58	245	13	378
Additions	18,902	—	281	11,266	322	30,771
Deemed acquisition of a subsidiary (Note 43)	—	—	8	—	807	815
Revaluation	77,410	—	—	—	—	77,410
Transferred to investment properties (Note 16)	(130,250)	—	—	—	—	(130,250)
Elimination of accumulated depreciation	(137,202)	—	—	—	—	(137,202)
Disposals	—	—	—	(115,367)	(1,197)	(116,564)
At 30 June 2015	**89,386**	**27,559**	**60,747**	**300,722**	**30,895**	**509,309**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:						
At 1 July 2013	160,924	16,096	47,441	353,875	17,333	595,669
Currency realignment	(1,985)	(186)	(497)	(2,057)	(192)	(4,917)
Provided for the year	13,847	1,172	2,072	8,898	2,968	28,957
Written off	(942)	—	(542)	(1,873)	—	(3,357)
Eliminated on disposals	—	—	(69)	(24,753)	(542)	(25,364)
At 30 June 2014 and 1 July 2014	171,844	17,082	48,405	334,090	19,567	590,988
Currency realignment	22	13	43	183	6	267
Provided for the year	8,691	1,083	2,592	10,036	2,736	25,138
Elimination on revaluation	(137,202)	—	—	—	—	(137,202)
Eliminated on disposals	—	—	—	(115,367)	(1,078)	(116,445)
At 30 June 2015	**43,355**	**18,178**	**51,040**	**228,942**	**21,231**	**362,746**
NET CARRYING AMOUNT:						
At 30 June 2015	**46,031**	**9,381**	**9,707**	**71,780**	**9,664**	**146,563**
At 30 June 2014	88,641	10,456	11,995	70,488	11,383	192,963

15. PROPERTY, PLANT AND EQUIPMENT (continued)

At 30 June 2015, the net carrying amount of property, plant and equipment of the Group includes motor vehicles of HK$Nil (2014: HK$146,000) that were held under finance leases. None of the leases includes contingent rentals.

The Group has pledged buildings with aggregate net carrying amount as at 30 June 2015 of HK$42,531,000 (2014: HK$77,500,000) to secure banking facilities granted to the Group (Note 27).

At 30 June 2014, the Group was in the process of obtaining the relevant title documents of certain of its buildings with aggregate carrying amount of HK$7,374,000.

During the year, the use of certain previously self-used premises of the buildings of the Group was changed and the management decided to lease out the premises for rental income. Accordingly the carrying amounts of (i) buildings of HK$130,250,000 (after revaluation upon the transfer); and (ii) related prepaid lease payments for land of HK$27,519,000 as at the date of transfer were transferred to investment properties of the Group and a surplus on transfer from property, plant and equipment to investment properties, net of deferred taxation, of HK$58,122,000 is credited to property revaluation reserve.

16. INVESTMENT PROPERTIES

		The Group	
		2015	2014
	Notes	**HK$'000**	HK$'000
Fair value:			
At beginning of year		**135,941**	131,771
Transferred from property, plant and equipment	15	**130,250**	—
Transferred from prepaid lease payments for land	17	**27,519**	—
Fair value gains, net		**20,037**	5,614
Currency realignment		**81**	(1,444)
At end of year		**313,828**	135,941

16. INVESTMENT PROPERTIES (continued)

The Group's investment properties were valued at 30 June 2015 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. The valuation of the investment properties, including the industrial building and the residential building, was arrived at by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies using the investment approach. As at 30 June 2014, direct comparison approach was used for the portion of properties which were vacant, by making reference to comparable sales evidence as available in the relevant market. These valuations gave rise to net fair value gains of HK$20,037,000 (2014: HK$5,614,000) during the year.

The fair value of the investment properties is a Level 3 recurring fair value measurement. For the significant unobservable inputs used under the investment approach, term yield ranging from 7.75% to 8% (2014: 7.5%), reversionary yield ranging from 8.25% to 10% (2014: 8%) and average market unit rent per month ranging from RMB4.0 to RMB16.8 (2014: RMB7.7) per square metre are adopted for the industrial building whereas term yield of 4.75% (2014: 5%), reversionary yield of 5% (2014: 5.25%) and average market unit rent per month ranging from RMB17.7 to RMB29.6 (2014: RMB24.6) per square metre are adopted for the residential building. As at 30 June 2014, under the direct comparison approach, significant inputs of the industrial building include price per square metre ranging from RMB450 to RMB615 per square metre adjusted for premiums range from 5% to 30% specific to the location of the Group's industrial building compared to recent sales on the comparable transactions, whereas significant inputs of the residential building include price per square metre ranging from RMB5,700 to RMB8,300 per square metre adjusted for discounts range from 10% to 20% specific to the location and age of the Group's residential building compared to recent sales on the comparable transactions. The fair value measurement of investment properties is negatively correlated to the term yield, reversionary yield and positively correlated to average market unit rent per month under the investment approach, and is positively correlated to the price per square metre and a favourable adjustment on the comparable transactions.

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

Fair value adjustments of investment properties is recognised in profit or loss. All the gains recognised in profit or loss for the year arise from the investment properties held at the end of the reporting period.

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

The Group investment properties are situated in the PRC held under medium term lease.

The Group has pledged investment properties with aggregate net carrying amount as at 30 June 2015 of HK$257,136,000 (2014: HK$Nil) to secure banking facilities granted to the Group (Note 27).

At 30 June 2015, the Group was in the process of obtaining the relevant title documents of certain investment properties with aggregate carrying amount of HK$177,916,000 (2014: HK$124,297,000).

17. PREPAID LEASE PAYMENTS FOR LAND

	Note	The Group 2015 HK$'000	2014 HK$'000
Carrying amount:			
At beginning of year		**92,169**	95,788
Charged to the profit or loss for the year		**(2,377)**	(2,755)
Transferred to investment properties	16	**(27,519)**	—
Currency realignment		**75**	(864)
At end of year		**62,348**	92,169

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

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

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 30 June 2015 of HK$60,135,000 (2014: HK$77,129,000) to secure banking facilities granted to the Group (Note 27).

18. MINING RIGHT

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

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

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

In performing the impairment testing for the year, the directors of the Company have engaged Peak Vision in determining the recoverable amount of the mining right. Given the current development status of mining right, management has determined that recoverable amount of the mining right on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating mining right's fair value, which adopted cash flow projection for a period of 9 years which is estimated to be the entire period of mining activities, discounted by the post-tax discount rate of 21.98%. In determining the discount rate, the weighted average cost of capital was used, which is determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debts of industry comparables. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the coal market are taken as reference.

18. MINING RIGHT (continued)

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

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

19. EXPLORATION AND EVALUATION ASSETS

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

Note:

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

20. INTERESTS IN SUBSIDIARIES

	The Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**8**	8
Amounts due from subsidiaries	**3,355,478**	3,116,774
	3,355,486	3,116,782
Less: impairment loss on investment cost	**(8)**	(8)
impairment loss on amounts due from subsidiaries	**(1,897,832)**	(1,797,832)
	1,457,646	1,318,942

The amounts due from subsidiaries are unsecured, interest-free and are not repayable within twelve months after the end of reporting period. The amounts due from subsidiaries in substance represent the Company's interests in the subsidiaries in the form of quasi-equity loans and therefore they are included under the non-current assets of the Company.

Accumulated impairment losses on investment cost and amounts due from subsidiaries of HK$8,000 (2014: HK$8,000) and HK$1,897,832,000 (2014: HK$1,797,832,000) respectively were recognised as at 30 June 2015 because the related recoverable amounts of the investment cost and the amounts due from subsidiaries with reference to the higher of fair value less costs of disposal and value in use of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related investment cost and amounts due therefrom are reduced to their recoverable amounts.

20. INTERESTS IN SUBSIDIARIES (continued)

The following list contains only the particulars of the principal subsidiaries as at 30 June 2015 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of company	Place of incorporation or establishment/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Group	Principal activities
Aberdeen Investments Limited	Samoa	1 share of US$1	100%	Property holding
Chau's Electrical (BVI) Company Limited	British Virgin Islands/PRC	1 share of US$1	100%	Property holding
Chau's Electrical Company Limited	Hong Kong	HK$1,000 ordinary HK$500,000 non-voting deferred (Note (a))	100%	Manufacture and trading of cable and wire products
Chau's Industrial Investments Limited	British Virgin Islands	US$1,000	100%	Investment holding
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd. #	PRC	US$14,925,000	100%	Manufacture and trading of copper products and trading of metallurgical grade bauxite
東莞三泰電器有限公司 Dongguan Santai Electrical Appliances Co., Ltd. #	PRC	HK$64,000,000	100%	Property holding
東莞橋梓周氏電業有限公司 Dongguan Qiaozi Chau's Electrical Co., Ltd. #	PRC	HK$6,810,000	100%	Manufacture and trading of cable and wire products
東莞新寶精化有限公司 Dongguan Xin Bao Precision Chemical Co., Ltd.*	PRC	HK$65,000,000	90%	Manufacture and trading of chemical products
Gosberton Assets Limited	British Virgin Islands	US$1	100%	Holding of trademarks
Great Measure Investments Limited	British Virgin Islands	US$1	100%	Investment holding

20. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation or establishment/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Group	Principal activities
Hua Yi Copper Products Company Limited	Hong Kong	HK$5,000,000	100%	Manufacture and trading of copper products and trading of metallurgical grade bauxite
Ikh Shijir Erdene LLC	The State of Mongolia	US$100,000	100%	Mining business (not yet commenced)
Santai Electronics Limited	Hong Kong	HK$2	100%	Investment holding
上海周氏電業有限公司 Shanghai Chau's Electrical Co., Ltd. #	PRC	US$2,500,000	100%	Manufacture and trading of cable and wire products
Sun Progress Limited	British Virgin Islands	US$1	100%	Investment holding
Yellowstone Assets Limited	British Virgin Islands	US$1	100%	Investment holding
東莞市韵鑫高分子科技有限公司 (前稱東莞市帝象高分子科技有限公司) Dongguan Yunxin Polymer Technology Co., Ltd. (formerly known as Dongguan Dixiang Polymer Technology Co Ltd) ("Dongguan Yunxin")	PRC	RMB3,000,000	100% (2014: 51%)	Manufacture and trading of plastic products
河南盛祥實業有限公司 Henan Shengxiang Industry Co., Ltd.* ("Henan Shengxiang")	PRC	RMB16,200,000	51%	Trading of metallurgical grade bauxite

Wholly-owned foreign enterprise
* Equity joint venture

20. INTERESTS IN SUBSIDIARIES (continued)

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.

21. INTERESTS IN JOINT VENTURES

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

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

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

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

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

21. INTERESTS IN JOINT VENTURES (continued)

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

	2015 HK$'000	2014 HK$'000
At 30 June		
Total non-current assets	401,272	860,715
Cash and cash equivalents	1,370	1,612
Other current assets	2,331	1,240
Total current assets	3,701	2,852
Current financial liabilities	(4,739)	(2,765)
Other current liabilities	(25)	(35)
Total current liabilities	(4,764)	(2,800)
Total non-current financial liabilities	(13,766)	(13,909)
Net assets	386,443	846,858
Reconciliation to the Group's interests in joint ventures:		
Proportion of effective interest held by the Group	10%	10%
Share of net assets	38,644	84,686
Other income	3	6
Impairment loss on mining right	(459,443)	(154,486)
Exploration expenses	(978)	(642)
Other expenses	(487)	(258)
Loss and total comprehensive income for the year	(460,905)	(155,380)

22. INVENTORIES

	The Group	
	2015	2014
	HK$'000	HK$'000
Raw materials	**22,460**	51,201
Work in progress	**217**	3,334
Finished goods	**22,412**	30,789
	45,089	85,324

During the year, the Group has carried out regular reviews of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. As a result, inventories of HK$2,476,000 (2014: HK$153,000) have been fully written down and recognised in profit or loss of the year.

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

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

(i) The Group allows an average credit period of 30 to 60 days (2014: 30 to 60 days) to its trade customers.

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

	The Group	
	2015	2014
	HK$'000	HK$'000
Within 30 days	**63,145**	113,439
31 - 60 days	**5,542**	612
61 - 90 days	**1,036**	264
Over 90 days	**27,621**	44
	97,344	114,359

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:

	The Group	
	2015	2014
	HK$'000	HK$'000
At beginning of year	**3,099**	2,819
Impairment loss recognised	**20,471**	39
Reversal of allowance for doubtful debts	**(38)**	(273)
Uncollectible amounts written off	**(101)**	(44)
Currency realignment	**(11)**	558
At end of year	**23,420**	3,099

At 30 June 2015, the Group's trade debtors of HK$23,420,000 (2014: HK$3,099,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties or had a prolonged delay in settlement, and management assessed that none of the receivables is expected to be recovered. Consequently, specific and full allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods.

(iv) The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**66,508**	114,315
Past due and not impaired	**30,836**	44
	97,344	114,359

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

(v) At 30 June 2015, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to HK$5,016,000 (2014: HK$3,388,000) resulting from the net settlements of derivative financial instruments which were in the closed-out positions at the end of reporting period.

(vi) Due from a related company

At 30 June 2015, included in the Group's debtors, other loans and receivables, deposits and prepayments were amounts due from a related company (the "Party") in the aggregate amount of HK$3,875,000 (2014: HK$3,518,000). As at 30 June 2014, the aggregate balance was unsecured, interest-free and has no fixed terms of repayment. The maximum outstanding balance due from the Party during the year was HK$6,361,000 (2014: HK$6,003,000). As at 30 June 2014, a director of the Company is a close family member of certain directors of the Party. Such directors of the Party ceased their directorship therein during the year and therefore the Party is no longer a related company of the Group as at 30 June 2015.

(vii) Loans receivable

At 30 June 2014, included in the Group's debtors, other loans and receivables, deposits and prepayments were loans receivable and the related interest receivables of HK$21,338,000 in aggregate due from two independent third parties, which were interest-bearing at 1% per annum and repayable on 26 August 2014.

(viii) Impairment on other receivables

The movements in the allowance for other receivables during the year are as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
At beginning of year	—	—
Past due and not impaired	**3,865**	—
At end of year	**3,865**	—

24. BILLS RECEIVABLE

At 30 June 2015 and 2014, all bills receivable aged within 90 days.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2015	2014
	HK$'000	HK$'000
Equity securities held for trading and listed in Hong Kong	**48,032**	50,186

The fair values of the equity securities are determined based on the quoted market prices. During the year, a loss on change in fair value of HK$1,154,000 (2014: a gain on change in fair value of HK$5,852,000) and a net loss on disposal of HK$9,517,000 (2014: HK$Nil) were recognised in profit or loss.

26. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative not qualified for hedging

	The Group			
	2015		2014	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Copper futures contracts	**11**	**153**	778	—

26. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

Copper futures contracts

The major terms of the outstanding copper futures contracts of the Group which had not been designated as hedging instruments were as follows:

	As at 30 June 2015	As at 30 June 2014
Quantities (in tonnes)	**345**	550
Average price per tonne	**US$6,607**	US$7,020
Delivery period	**From July 2015 to August 2015**	From July 2014 to March 2015
Fair value (loss)/gain of copper futures contracts recognised as current (liabilities)/assets (in HK$'000)	**(142)**	778

The above derivatives are measured at fair values at the end of each reporting period and are with financial institutions. The fair values of copper future contracts are determined based on the quoted market prices at the end of reporting periods. The net loss on change in fair value of derivative financial instruments of HK$7,959,000 (2014: gain of HK$728,000) has been recognised in profit or loss during the year.

27. PLEDGE OF ASSETS

At 30 June 2015, the Group has pledged the following assets to secure general banking facilities granted to the Group. The carrying amounts of these assets are analysed as follows:

		The Group	
	Notes	2015 HK$'000	2014 HK$'000
Property, plant and equipment	15	**42,531**	77,500
Investment properties	16	**257,136**	—
Prepaid lease payments for land	17	**60,135**	77,129
Pledged deposits and bank balances		**362**	47,553
		360,164	202,182

28. BANK BALANCES AND CASH (INCLUDING THE PLEDGED BALANCES)

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.

	The Group	
	2015	2014
	HK$'000	HK$'000
Bank balances and cash and pledged deposits were denominated in the following currencies:		
RMB	**19,760**	107,552
HK$	**122,696**	170,563
U.S. Dollars	**20,083**	37,791
EURO	**286**	144
	162,825	316,050

	The Company	
	2015	2014
	HK$'000	HK$'000
Bank balances and cash were denominated in the following currencies:		
HK$	**69,229**	128,632
U.S. Dollars	**2,109**	4,574
	71,338	133,206

The 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

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

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

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

30. BILLS PAYABLE

At 30 June 2014, all bills payable aged within 90 days, which were secured by certain pledged bank deposits, details of which are set out in Note 27.

31. OBLIGATIONS UNDER FINANCE LEASES

	The Group		
	Minimum lease payments	**Interest**	**Present value**
	2015	**2015**	**2015**
	HK$' 000	**HK$' 000**	**HK$' 000**
Not later than one year	—	—	—

	The Group		
	Minimum lease payments	Interest	Present value
	2014	2014	2014
	HK$' 000	HK$' 000	HK$' 000
Not later than one year and classified under current liabilities	149	3	146

31. OBLIGATIONS UNDER FINANCE LEASES (continued)

It was the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term was 2 to 4 years. Interest rates underlying all obligations under finance leases were fixed at respective contract dates and the average effective borrowing rate was 5% per annum as at 30 June 2014. All leases were on a fixed repayment basis and no arrangement had been entered into for contingent rental payments. During the current year, all of the Group's obligations under finance leases were fully settled.

As at 30 June 2014, the Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

32. BORROWINGS

	The Group	
	2015	2014
	HK$'000	HK$'000
Borrowings repayable within one year and are analysed as follows:		
Bank loans, secured	**43,772**	87,445
Trust receipt loans, secured	**23,975**	70,774
	67,747	158,219

The average effective interest rates of the bank borrowings range from 5.46% to 7.72% (2014: 5.31% to 6.68%) per annum.

Over 60% of the Group's bank borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

At 30 June 2015, the Group had available HK$173,195,000 (2014: HK$128,810,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Details of the assets pledged for the Group's facilities are set out in Note 27. Certain borrowings are also secured by the corporate guarantees of the Company and its subsidiaries.

33. DEFERRED TAX

The following is the major deferred tax liabilities recognised by the Group and their movements:

	The Group			
	Investment properties	Accelerated tax depreciation	Properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2013	17,177	13,333	6,441	36,951
Currency realignment	(361)	(145)	(69)	(575)
Charge/(credit) to profit or loss for the year (Note 11)	1,105	(1,089)	(436)	(420)
At 30 June 2014	17,921	12,099	5,936	35,956
Currency realignment	13	11	(20)	4
Charge to other comprehensive income	—	—	19,401	19,401
Charge/(credit) to profit or loss for the year (Note 11)	3,651	(1,084)	(489)	2,078
At 30 June 2015	**21,585**	**11,026**	**24,828**	**57,439**

At 30 June 2015, the Group has unused tax losses of HK$168,656,000 (2014: HK$134,729,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

At 30 June 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that the subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in the PRC for which deferred tax liabilities have not been recognised is in total amount of approximately HK$267,000 (2014: HK$1,834,000).

34. SHARE CAPITAL

	Number of shares		Share capital	
	2015	2014	**2015**	2014
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.01 each:				
Authorised (Note (i))	**50,000,000**	50,000,000	**500,000**	500,000
Issued and fully paid:				
At beginning of the year	**1,889,854**	187,486	**18,899**	1,875
Capital reorganisation (Note (i))	**(1,700,869)**	—	**(17,009)**	—
Placements of new shares (Note (ii))	—	127,490	—	1,275
Open offer of new shares (Note (iii))	**944,927**	1,574,878	**9,449**	15,749
At end of the year	**1,133,912**	1,889,854	**11,339**	18,899

Notes:

(i) During the year, pursuant to a resolution passed at the special general meeting of the Company held on 1 April 2015, a capital reorganisation was effected such that the authorised share capital of the Company remained at HK$500,000,000 being represented by 50,000,000,000 shares. The capital reorganisation involved (i) a share consolidation pursuant to which every ten existing issued and unissued shares of the Company of HK$0.01 each were consolidated into one consolidated share of HK$0.1 each (the "Share Consolidation"); (ii) a share reduction pursuant to which the existing issued share capital of the Company, after the Share Consolidation, was reduced by a cancellation of (a) the paid-up capital of the Company to the extent of HK$0.09 on each of the issued consolidated shares such that the nominal value of each issued consolidated share was reduced from HK$0.10 to HK$0.01 and (b) any fractional consolidated share in the issued capital of the Company arising from the Share Consolidation (the "Capital Reduction"); (iii) immediately following the Share Consolidation and the Capital Reduction, each of the authorised but unissued consolidated shares of HK$0.10 each was sub-divided into ten adjusted shares of HK$0.01 each; and (iv) the credit arising from the Capital Reduction of approximately HK$17,009,000 was transferred to the contributed surplus account of the Company. Further details are set out in the Company's circular and announcement dated 9 March 2015 and 6 February 2015, respectively.

The transfer of credit arising from the Capital Reduction of HK$17,009,000 was then immediately offset the accumulated losses of the Company.

(ii) In the prior year, an aggregate number of 127,490,000 new ordinary shares of par value of HK$0.01 each were issued at subscription prices ranging from HK$0.30 each to HK$0.32 each to the then independent third parties of the Company at aggregate proceeds of approximately HK$38,306,000, net of issuing expenses directly related to respective placements of HK$990,000, of which HK$1,275,000 was credited to share capital and the remaining balance of HK$37,031,000 was credited to the share premium account.

(iii) During the year, 944,926,950 (2014: 1,574,878,250) new ordinary shares of par value of HK$0.01 each (2014: HK$0.01) were issued at subscription price of HK$0.20 (2014: HK$0.12) per offer share on the basis of five (2014: five) offer shares for every one existing share at aggregate proceeds of HK$184,098,000 (2014: HK$184,126,000), net of issuing expenses directly related to the open offer of HK$4,887,000 (2014: HK$4,859,000), of which approximately HK$9,449,000 (2014: approximately HK$15,749,000) was credited to share capital and the remaining balance of approximately HK$174,649,000 (2014: approximately HK$168,377,000) was credited to the share premium account. Further details are set out in the Company's prospectus and circular dated 16 April 2015 and 9 March 2015, respectively.

All the new shares issued above rank pari passu in all respects with the existing shares.

35. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2013	1,189,524	763,907	(719,463)	1,233,968
Loss and total comprehensive income for the year	—	—	(6,498)	(6,498)
Placements of new shares (Note 34)	37,031	—	—	37,031
Shares issued under open offer (Note 34)	168,377	—	—	168,377
At 30 June 2014 and 1 July 2014	1,394,932	763,907	(725,961)	1,432,878
Loss and total comprehensive income for the year	—	—	(107,320)	(107,320)
Capital reorganisation (Note 34)	—	—	17,009	17,009
Shares issued under open offer (Note 34)	174,649	—	—	174,649
At 30 June 2015	**1,569,581**	**763,907**	**(816,272)**	**1,517,216**

36. NON-CONTROLLING INTERESTS

Henan Shengxiang, a 51%-owned subsidiary of the Company, has material non-controlling interests ("NCI") as at 30 June 2015. As at 30 June 2015 and 2014, the NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Henan Shengxiang, before intra-group eliminations, is presented below:

	HK$'000
As at 30 June 2015	
Current assets	41,585
Non-current assets	715
Current liabilities	(19,456)
Net assets	22,844
Accumulated NCI	11,194
For the period from the date of acquisition to 30 June 2015	
Revenue	184,981
Profit and total comprehensive income for the period	2,198
Profit allocated to NCI	1,077
Cash flows from operating activities	(24,747)
Cash flows from investing activities	—
Cash flows from financing activities	(6,265)
Net cash outflows	(31,012)

37. CAPITAL COMMITMENTS

	The Group	
	2015	2014
	HK$'000	HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of acquisition of:		
Plant and machinery	222	887

38. LEASE COMMITMENTS

The Group as lessor

The Group has entered into commercial property leases on its investment properties, with leases negotiated for terms ranging for one to five years.

At the end of reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**14,842**	8,330
In the second to fifth year inclusive	**39,898**	11,246
	54,740	19,576

The Group as lessee

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of factory and premises which fall due as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**—**	553

Leases were negotiated for an average term of two years and rentals were fixed for such term.

39. SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a new 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 will end on 17 December 2022.

Under the Scheme, the Board of the Company may grant options to the Participants 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 quotations sheet on the offer date, which must be a business day; (ii) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share, subject to a maximum of 15,624,565 shares, representing approximately 10% of the issued share capital of the Company, as at the date of the approval of the Scheme.

During the years ended 30 June 2014 and 2015, no equity-settled share-based payment was recognised in profit or loss.

As at 30 June 2014 and 2015, no outstanding share option was issued.

40. RETIREMENT BENEFIT SCHEME

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.

Pursuant to the PRC government regulations, the Group is required to contribute to a central pension scheme in respect of certain of the Group's employees in the PRC based on a certain percentage of the salaries of those employees and there is no forfeited contribution under the central pension scheme.

The retirement benefits cost charged to profit or loss represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

During the year, the Group made retirement benefits scheme contributions of HK$3,421,000 (2014: HK$3,164,000).

41. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group did not enter other material transactions with related companies.

Compensation of key management personnel of the Group

Members of key management personnel of the Group during the year comprised only of the directors whose remuneration is set out in Note 9.

42. 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.

The capital structure of the Group consists of debts, which includes borrowings disclosed in Note 32 obligations under finance leases disclosed in Note 31, bank balances and cash disclosed in Note 28 and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in the consolidated statement of changes in equity.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers 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.

The gearing ratio at the end of reporting period was as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Debts	**67,747**	158,365
Cash and cash equivalents	**(162,825)**	(316,050)
Net debts	**(95,078)**	(157,685)
Equity	**1,532,849**	1,671,278
Net debts to equity ratio	**N/A**	N/A

43. DEEMED ACQUISITION OF A SUBSIDIARY

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

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

	Note	HK$'000
Property, plant and equipment	15	815
Inventories		2,601
Debtors, other loans and receivables, deposits and prepayments		10,075
Bank balances and cash		31,498
Creditors, other advances and accrued charges		(18,036)
Borrowings		(6,265)
Non-controlling interests		(10,107)
		10,581
Cash consideration		(10,303)
Gain on bargain purchase		278
Net cash inflow arising on acquisition:		
Cash consideration paid		(10,303)
Bank balances and cash acquired		31,498
		21,195

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

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

The revenue and results of Henan Shengxiang from the date of deemed acquisition and the end of reporting period are set out in Note 36. If the acquisition had occurred on 1 July 2014, the Group's revenue and loss would have been HK$782,727,000 and HK$369,231,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2014, nor is it intended to be a projection of future performance.

44. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

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

45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2015 and 2014 may be categorised as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including bank balances and cash) at amortised cost	**427,728**	513,973
Financial assets at fair value through profit or loss at fair value	**48,032**	50,186
Derivative financial assets at fair value	**11**	778
Financial liabilities		
Financial liabilities at amortised cost	**168,602**	321,018
Derivative financial liabilities at fair value	**153**	—

46. CONTINGENT LIABILITIES

As at 30 June 2015, the Company had issued guarantees to the extent of approximately HK$9,483,000 (2014: HK$15,466,000) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$9,483,000 (2014: HK$15,466,000) was utilised. The Company issued guarantee to a financial institution amounting to approximately HK$Nil (2014: HK$23,250,000) in respect of commodity trading of copper by its subsidiary.

47. EVENT AFTER REPORTING PERIOD

On 13 July 2015, the Company and a placing agent (the "Placing Agent") entered into a placing agreement to place up to 226,780,000 placing shares (the "Placing Shares") to not less than six independent third parties at a gross placing price of HK$0.17 per Placing Share (the "Placing"). The Placing was completed on 29 July 2015. The net proceeds from the Placing, after deducting the placing commission and other expenses, were approximately HK$37.3 million and were intended to be used as general working capital of the Group. Further details are set out in the Company's announcements dated 13 and 29 July 2015.

PARTICULARS OF PROPERTIES

Properties held for investment	Type	Lease term
Flat A, B, C, D, E, F, G, H, I, J, K & L on each of 11th Floor and 15th Floor, Ping On Court, Peace Plaza, Shangzhong Yuan Road, Changping Town, Dongguan City, Guangdong Province, the PRC	Residential	Medium
An industrial complex located at Qiao Zi Road, Qiao Zi Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land known as Lot No. 1924130100054 located at Songbaitang Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
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

FINANCIAL SUMMARY

RESULTS

The Group

	Year ended 30 June 2015 HK$'000	Year ended 30 June 2014 HK$'000	Year ended 30 June 2013 HK$'000	Year ended 30 June 2012 HK$'000	Year ended 30 June 2011 HK$'000
Turnover	**782,197**	813,073*	601,611	612,863	707,535
(Loss)/profit before taxation	**(366,304)**	(37,590)	(413,177)	(91,840)	356,702
Taxation	**(3,095)**	(125)	(1,894)	(14,292)	1,522
(Loss)/profit for the year	**(369,399)**	(37,715)	(415,071)	(106,132)	358,224
(Loss)/profit attributable to:					
Owners of the Company	**(370,292)**	(37,709)	(415,071)	(106,132)	358,224
Non-controlling interests	**893**	(6)	—	—	—
	(369,399)	(37,715)	(415,071)	(106,132)	358,224

ASSETS AND LIABILITIES

	At 30 June 2015 HK$'000	At 30 June 2014 HK$'000	At 30 June 2013 HK$'000	At 30 June 2012 HK$'000	At 30 June 2011 HK$'000
Total assets	**1,771,053**	2,030,718	1,840,678	2,220,516	2,055,907
Total liabilities	**(226,510)**	(357,109)	(345,857)	(325,727)	(224,047)
	1,544,543	1,673,609	1,494,821	1,894,789	1,831,860
Attributable to:					
Owners of the Company	**1,532,849**	1,671,278	1,494,321	1,894,289	1,831,360
Non-controlling interests	**11,694**	2,331	500	500	500
	1,544,543	1,673,609	1,494,821	1,894,789	1,831,860

* represented