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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Reference is made to the annual report of Solartech International Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) for the year ended 30 June 2023 (the “**Annual Report**”) published on 26 October 2023, with respect to, amongst other things, the consolidated results of the Group.

The board (“**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following supplemental information to the shareholders of the Company (“**Shareholders**”) regarding the Group’s other loans receivable. Capitalised terms used in this announcement shall adopt the same meanings as defined in the Annual Report, unless the context requires otherwise.

REASONS FOR GRANTING THE LOANS AND HOW THEY MEET THE COMPANY’S BUSINESS STRATEGIES

The Group utilised its idle cash to grant loans to have a stable other income and cashflow stream from the interest income is expected. The source of funds for the loans are generally funded by the internal resources of the Group. The Directors are of the view that the terms of and the entering into the loan agreements were of normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

* *For identification purposes only*

CREDIT RISK PROCEDURES PERFORMED FOR THE LOANS

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

- A. discussed with the borrower about its business, operation, financial status and the purpose for the loan;
- B. obtained and reviewed current business contracts and business plan of the borrower which indicate that the borrower is in operation and sufficient cash is expected to be generated to the borrower;
- C. conducted background and corporate check of the borrower and the guarantor which did not reveal any past default by the borrower and the guarantor;
- D. conducted public searches on the secured security, which indicated that no other charge is created thereon;
- E. obtained and reviewed the financial information of the borrower and the guarantor, which did not reveal the borrower and the guarantor had any extraordinary liabilities; and
- F. obtained and determined the suitable interest rate to reflect the risk level of the loan.

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

- A. monitored closely on the loan principal and interest repayment status during the tenure of the loans to ensure the repayments are timely and punctual, and see if any follow-up action should be taken to avoid potential exposure to credit risks;
- B. obtained and reviewed the financial information and secured security of the borrower and guarantor to assess the recoverability of the loans;
- C. communicated with the borrower and enquired about additional information including but not limited to the reason for extension,
- D. conducted search and discussed with borrower on their business to ensure there is no significant change which may affect their recoverability of the loans; and
- E. reviewed the term of the loan and interest rate with reference to bank and market rate to ensure the interest income is in the interest of the Company and shareholder as a whole.

GENERAL

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

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

Hong Kong, 7 March 2024

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