SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

Annual Report

2014

CONTENTS

Corporate Information

DIRECTORS

Executive:

Wong King Ching, Helen *(Chairman)*
Wong King Man *(Deputy Chairman)*
Leung Chi Fai *(Finance Director)*
Lin Yepan (appointed on 2 May 2014)
Wang Tian (appointed on 2 May 2014)

Non-executive:

Fong Yin Cheung *
Hung Yat Ming *
So Day Wing *
Wong Chun Ying (resigned on 2 May 2014)
Wong Kim Seong (resigned on 2 May 2014)

* Independent Non-executive Director

COMPANY SECRETARY

Leung Chi Fai

LEGAL ADVISERS TO THE COMPANY

As to Bermuda law:
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITORS

Moore Stephens
Certified Public Accountants
905 Slivercord, Tower 2
30 Canton Road
Tsim Sha Tsui
Hong Kong

AUTHORISED REPRESENTATIVES

Wong King Ching, Helen
Leung Chi Fai

AUDIT COMMITTEE

So Day Wing *(Chairman)*
Fong Yin Cheung
Hung Yat Ming

REMUNERATION COMMITTEE

Hung Yat Ming *(Chairman)*
Wong King Ching, Helen
Leung Chi Fai
Fong Yin Cheung
So Day Wing

NOMINATION COMMITTEE

Fong Yin Cheung *(Chairman)*
Wong King Ching, Helen
Wong King Man
Leung Chi Fai
Hung Yat Ming
So Day Wing

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1708–1710
Nan Fung Centre
264–298 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
22nd Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Ltd.
China Citic Bank International Ltd.
Dah Sing Bank Ltd.

In The People's Republic of China:
Agricultural Bank of China
Bank of China Ltd.
Bank of Communications Co., Ltd
China Construction Bank
Industrial and Commercial Bank of China Ltd.
Pingan Bank Co., Ltd

WEBSITE ADDRESS AND CONTACT

http://www.sunwayhk.com
http://www.irasia.com/listco/hk/sunway
Telephone : (852) 2413 6812
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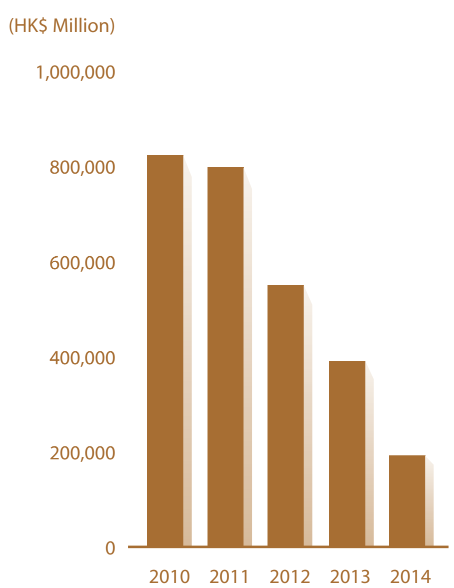
STOCK CODE

The Stock Exchange of Hong Kong Limited: 58

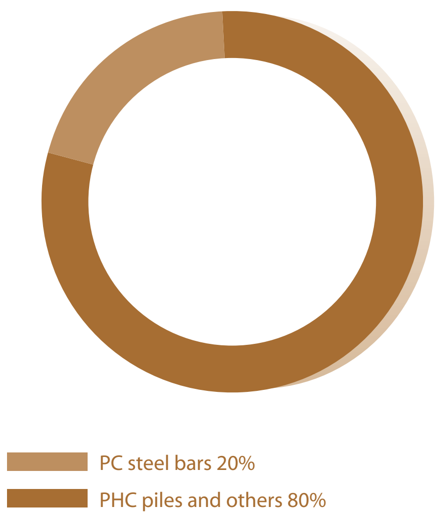
Financial Highlights

	Fifteen months ended 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (Restated)
OPERATING RESULTS		
Revenue	**305,048**	–
Loss for the period/year attributable to owners of the Company	**(389,316)**	(206,445)
Loss per share – basic and diluted	**HK(35 cents)**	HK(20 cents)
Proposed final dividend per share	**Nil**	Nil
FINANCIAL POSITION		
Total assets	**1,658,743**	1,232,224
Pledged bank deposits and cash and bank balances	**28,014**	148,055
Equity attributable to owners of the Company	**187,893**	385,675
FINANCIAL RATIOS		
Current ratio	**1.07**	0.99
Gearing ratio	**7.83**	2.19

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY



TURNOVER BY BUSINESS SEGMENTS



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Sunway International Holdings Limited and its subsidiaries (collectively, the "Group") for the fifteen months ended 31 December 2014.

Year 2014 was a year of changes to the Group. Upon completion of the acquisition of Joint Expert Group on 2 May 2014, the Group has placed its first step into construction materials business in the PRC. On 28 July 2014, the Company has changed its financial year end date from 30 September to 31 December to align with all of our major operating subsidiaries. On 17 November 2014, the Company signed a sale and purchase agreement to disposal the entire issued share capital of two subsidiaries. Upon completion of the disposal, the Company will cease to be engaged in the electronic business.

Depression remains in place in the electronic business, the Group recorded loss for the period from the electronic business of HK$310,372,000 and was increased by HK$116,832,000 comparing to HK$193,540,000 last year. Shortage of labour as well as raising raw material costs continued to adversely affect the Group and further deteriorated the performance.

The Group has been suffered from the electronic business downturn over the past few years. I hope the new construction materials business can turnaround the unfavourable financial performance and will generate income and positive cashflow for the Group's continuous development.

Furthermore, the Group will continue to explore other business opportunities to diversify and enhance its product range to capture new opportunities in the PRC. We believe the Group will achieve better results in the coming years and drive higher returns to our shareholders.

On behalf of the Board, I would like to extend a warm welcome to our new colleagues from Joint Expert Group and a big thank you to our existing staff for their efforts and contributions made over the past months. I would also like to thank our shareholders, customers, suppliers and business associates for their continuous supports.

Wong King Ching, Helen
Chairman

Hong Kong
24 April 2015

Management Discussion and Analysis

REVIEW OF RESULTS AND OPERATION

CONTINUING OPERATIONS

Pre-stressed steel bar ("PC steel bar") business

One of the newly acquired subsidiaries, Zhuhai Hoston Special Materials Co., Limited ("Zhuhai Hoston"), is principally engaged in research and development, manufacture and sale of pre-stressed steel bars, steel strand wire, various pre-stressed materials and their respective production equipment, and industrial and building pre-stressed materials. The production base is located in the Zhuhai City, the PRC. Zhuhai Hoston's customers are mainly construction material manufacturers which are located in the Guangdong province.

Revenue from the date of acquisition to 31 December 2014 represented HK$69,967,000. Segment loss for the period is HK$59,397,000. Loss for the period was mainly attributable to the provision for impairment of trade receivables of HK$18,259,000 and provision for impairment of goodwill of HK$42,902,000.

Pre-stressed high-strength concrete piles ("PHC piles") business

Other newly acquired subsidiary, Guangdong Hengjia Building Materials Co., Ltd (廣東恒佳建材股份有限公司) ("Guangdong Hengjia"), is principally engaged in manufacture and sale of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products. The production base is located in the Yangjiang City, the PRC. Hengjia's customers are mainly property developers which are located in the Guangdong province.

Revenue from the date of acquisition to 31 December 2014 represented HK$243,943,000. Profit for the period in this segment is HK$31,094,000.

Tightening credit measures in the PRC gave pressure to the property market and construction activities which adversely affect the newly acquired construction material business during the period.

Selling and distribution expenses for the period were mainly transportation costs and salaries for the sale-persons.

Administrative expenses mainly comprised of salaries for the directors and administrative staff, legal and professional fees, various taxes and levies paid to the PRC Government.

Finance costs were interest expenses for the bank borrowings and imputed interest expenses on other payable and promissory note.

Loss for the period was mainly arising from the impairment of goodwill for Zhuhai Hoston of HK$42,902,000, provision for impairment of trade receivables HK$20,451,000 and the imputed interest on other payable and promissory note of HK$14,008,000. Legal and professional fees for the transaction of business acquisition set out in note 41 to the financial statements and the disposal of electronic business set out in note 27 to the financial statements driven up the administrative expenses by HK$5,921,000.

DISCONTINUED OPERATIONS

On 30 January 2015, the Group completed the transaction of disposal of Sunway BVI and Sunway Investment which are principally engaged in design, development, manufacture and sale of a wide range of consumer electronic products and electronic components and parts. As at 31 December 2014, Sunway BVI and Sunway Investment and their subsidiaries were classified as a disposal group held for sale and presented as discontinued operations.

Consumer electronic products mainly represent electronic calculators, watches and clocks and digital products. Aggregated revenue for the period was HK$425,934,000 compared with HK$576,348,000 last year, represented a significant decrease of HK$150,414,000. The decrease was mainly driven by the drop of revenue from electronic calculator. Shortage of labour in the PRC caused significant delay on the production lead time and thus, sales volume dropped.

Electronic components and parts mainly comprise of Chip On Glass ("COG"), Liquid Crystal Displays ("LCD") and Quartz. Aggregated revenue for the period increased significantly by HK$132,013,000 from HK$211,999,000 last year to HK$344,012,000. COG boosts up the revenue of this segment and was mainly due to the launchment of bigger size of the COG for tablet with higher selling price.

The electronic products were mainly sold in the PRC and the North/South America countries.

Electronic business remains deteriorated during the period. Productivity and sales volume had significantly dropped. However, the fixed costs such as depreciation on the plant and machinery and amortisation remained to drive up the loss on the electronic business. Meanwhile, further written down of inventories of HK$8,204,000 to net realizable value was made in review of the obsoleteness of the inventories.

Management Discussion and Analysis

The management placed significant attentions on evaluating individual assets of the electronic business. Provision for impairment on trade receivables of HK$21,903,000 and other receivables of HK$7,294,000 were made for the long outstanding balances. In view of the joint venture has made losses for many years, it is expected the entire investment costs will not be recoverable. Provision for impairment on joint venture of HK$1,274,000 was made.

Selling and distribution expenses and administrative expenses generally dropped in compare with last year due to scale-down of the production.

As a result, loss attributable by the electronic business for the period was HK$310,372,000 as compare to HK$193,540,000 (restated) last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and the PRC. As at 31 December 2014, the total shareholders' equity of the Group was approximately HK$187,893,000, representing a decrease of 51.3% over last year. As at 31 December 2014, the Group's cash and bank balances and pledged time deposits stood at HK$28,014,000 whereas interest-bearing borrowings were HK$141,219,000. During the period, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 7.83 times as at 31 December 2014.

SIGNIFICANT INVESTMENTS AND ACQUISITION

On 2 May 2014, the Group completed the acquisition of 100% equity interest in Joint Expert Global Limited and its subsidiaries. The aggregate consideration payable by the Group to the Vendor was HK$550,000,000 and to be satisfied by cash of HK$150,000,000 payable on 30 June 2016, convertible notes in the aggregate principal amount of HK$300,000,000 which will be matured on 28 April 2017 and interest-free promissory note of HK$100,000,000 which will be matured on 2 May 2017. As at the date of completion, the fair value of the aggregate consideration payable was HK$276,508,000. The fair value of the assets and liabilities acquired was HK$149,185,000 and therefore goodwill of HK$127,323,000 arised on the acquisition.

During the period, the Group incurred HK$23,288,000 on additions to construction in progress, plant and equipment to upgrade its manufacturing capabilities.

CAPITAL STRUCTURE

No repurchases of shares were made during the year. On 2 November 2009, the Company granted options to certain directors and employees of the Group to subscribe for a total of 90,600,000 ordinary shares of HK$0.1 per share each on or before 1 November 2019. As at 31 December 2014, the number of shares in respect of which options had been granted and exercisable was 51,000,000. 7,000,000 share options were lapsed and 18,300,000 share options were exercised during the period.

On 2 May 2014, the Company issued convertible notes with an aggregate principal amount of HK$300,000,000 in connection with the acquisition of the construction material business set out in note 41 to the financial statements. The convertible notes will be matured on 28 April 2017. During the period, the convertible notes with an aggregate carrying amount of HK$50,397,000 had been exercised. 399,999,998 ordinary shares of HK$0.1 per share each had been issued accordingly.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$67,350,000, certain prepaid land lease payments of HK$34,954,000, certain plant and machinery of HK$18,471,000, bank deposits of HK$7,485,000, certain inventories of HK$10,122,000, certain trade receivable of HK$5,044,000 and certain other receivables of HK$5,424,000 are used to secure banking facilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group has approximately 3,200 full time management, administrative, technical and production staff in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other staff benefit includes share options granted or to be granted under the share option scheme.

Management Discussion and Analysis

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB"), United States Dollars ("USD") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

COMMITMENT

As at 31 December 2014, the Group has contracted commitments of HK$2,735,000 (30 September 2013: HK$1,897,000) for acquisition of property, plant and equipment and HK$9,726,000 (30 September 2013: Nil) for acquisition of land use rights.

CONTINGENT LIABILITIES

As at 31 December 2014, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries of the Company amounting to HK$100,000,000 (30 September 2013: HK$28,000,000) and such facilities were utilised to the extent of HK$62,339,000 (30 September 2013: HK$6,468,000).

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

PROSPECT

Although the Group has used its best endeavour to promote the electronic business over past years, its result continue to deteriorate and there is no sign of improvement of its performance. The Group has implement the group restructuring plan during the year including diversify to construction materials business and disposal of electronic business.

On 30 January 2015, the disposal of electronic business was completed. Following the disposal, the Group ceased to engage in the electronic business and will focus on the construction material business.

The Group will develop an integrated supply platform to provide customers an one-stop service by offering a variety of products. In light of the increasing awareness of environmental protection in the PRC, the Group has expanded its product portfolio into the recommended green product catalog under the governmental preferential policy in the PRC to enjoy the relevant tax benefits for its business. The board expects the construction materials business can capture a larger market share in the local region and expand its sales to its surrounding areas in the future.

With reference to the statistic released by the Guangdong Statistic Bureau, the board expects the growth of investment in property development in Guangdong Province will continue, thus it would increase the demand of construction materials.

The board expects that there will be a stable stream of income and aspires to expand the construction materials business. The board is confident that the construction materials business will become a driver to enhance growth and overall performance of the Group in the future.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Wong King Ching, Helen, aged 41, is the Chairman of the Group. Ms. Wong is responsible for directing the Group's development, formulation of business policies and overall corporate management. She also oversees the Group's marketing and sales strategies and activities in the PRC and Asia-Pacific markets. After completion of her studies in the United States of America, Ms. Wong joined the Group in 1996 as an Executive Director and has over 18 years of experience in corporate management in electronics industry.

Ms. Wong King Man, aged 40, is the Deputy Chairman of the Group. She is responsible for overseeing the Group's procurement policies and materials management. Ms. Wong graduated from The University of Toronto with a Bachelor of Arts degree major in Economics. She has participated in the operations of the Group for more than 17 years. She is the younger sister of Ms. Wong King Ching, Helen.

Mr. Leung Chi Fai, aged 48, is the Finance Director and the Company Secretary of the Group. He joined the Group since 1996 and is responsible for overseeing the Group's finance, accounting and corporate secretarial functions. Mr. Leung is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Lin Yepan, aged 41, was graduated from the Renmin University of China. Mr. Lin has extensive management experience. Mr. Lin joined Guangdong Hengjia as the general manager and since 2011 has been appointed as the director of Guangdong Hengjia. He is responsible for directing business development and overseeing daily operations of the PHC piles and others business.

Mr. Wang Tian, aged 32, joined Zhuhai Hoston as the general manager since 2010, has substantial experience in the construction materials industry and is responsible for marketing, purchasing and overall management of PC steel bars business.

Non-executive Directors

Ms. Fong Yin Cheung, aged 56, graduated from The University of Hong Kong with a Bachelor of Laws degree and a Postgraduate Certificate in Laws (P.C.LL). She is a practising solicitor and has over 30 years of experience of practicing in conveyancing, commercial and general practices. She has been legal advisers of several listed companies.

Mr. Hung Yat Ming, aged 62, graduated from The University of Hong Kong with a Bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. He has over 30 years of experience in accounting and finance and is a financial controller of a Hong Kong listed company. He is a member of The Institute of Chartered Accountants of Scotland and Hong Kong Institute of Certified Public Accountant.

Mr. So Day Wing, aged 66, graduated with a Bachelor of Business Administration degree from the Chinese University of Hong Kong and also holds a Postgraduate Diploma from the University of Strathclyde. He is a member of the Institute of Chartered Accountants of Scotland and a member of the Hong Kong Institute of Certified Public Accountants.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Electronic Business

Mr. Du Yun Tang, aged 42, is the Research and Development Manager. He has over 18 years of experience in designing and developing electronic products in certain large electronics manufacturers and specialises in designing and developing electronic consumer products in the Group.

Mr. Gan Ming Hong, aged 40, is the Assistant Technical Manager who specialises in printed circuit board production and development. He has accumulated over 18 years of experience in the field.

Mr. Huang Zong Biao, aged 40, is the manager of Quality Assurance Department and is responsible for quality control functions in the PRC. He joined the Group since 2004 and has accumulated ever 18 years of experience in the field.

Ms. Liu Shao Min, aged 37, is the Deputy Finance Manager and is responsible for overseeing the financial and accounting functions in the PRC.

Mr. Xu Jian Xing, aged 43, is the Deputy General Manager of the Group and has worked for the Group for 19 years. He oversees overall operations in the PRC factories, including sales, purchasing and production facility maintenance.

Mr. Yu Guo Qing, aged 35, is the Research and Development Manager, who specialises in the design of moulds. He has accumulated over 9 years of experience in product development.

Mr. Zheng Xiang Yang, aged 47, is the Assistant Production Planning Manager. He has 22 years of experience in computing software development and internet management and materials management and has held related position in the Group for 16 years. He is responsible for internal coordination, materials management and production planning and control.

Construction Material Business

Mr. Li Ying, aged 34, has been the factory manager of Zhuhai Hoston since 2007. Mr. Li holds a master degree from the Monash University of Australia.

Mr. Lin Zhen Jun, aged 41, has been the Chairman of Guangdong Hengjia since 2007. Mr. Lin has over 10 years of supervisory experience.

Mr. Wang Zhi Ning, aged 61, being the legal representative and Chairman of Zhuhai Hoston. Mr. Wang has been responsible for the daily management and operations of Zhuhai Hoston since 2005.

Mr. Xu Dun, aged 51, was graduated from the The Open University of China. Mr. Xu has held the position of the Director of Guangdong Hengjia since 2011.

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of Sunway International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the fifteen months ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the design, development, manufacture and sale of a wide range of (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products). The subsidiaries are also engaged in manufacturing and trading of pre-stressed steel bar, pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

The principal activities of the Company's principal subsidiaries as at 31 December 2014 are set out in note 48 to the financial statements.

CHANGE OF FINANCIAL YEAR END DATE

Pursuant to a resolution of the board of directors dated 28 July 2014, the financial year of the Company has been changed from 30 September to 31 December. Accordingly, these consolidated financial statements now presented cover a period of fifteen months from 1 October 2013 to 31 December 2014. The comparative figures presented for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the financial year from 1 October 2012 to 30 September 2013, are not comparable with those of the current period. The change of the financial year end date of the Company is to align its financial year end date with all of its major operating subsidiaries.

RESULTS AND DIVIDENDS

The Group's results for the fifteen months ended 31 December 2014 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 24 to 111.

The Directors do not recommend the payment of final dividend in respect of current financial period to the shareholders.

Report of the Directors

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial period/years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

Results	**Fifteen months ended 31 December 2014 HK$'000**	Year ended 30 September 2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
CONTINUING OPERATIONS					
LOSS BEFORE TAX	**(71,304)**	(12,905)	(9,600)	(9,557)	(9,671)
Income tax expenses	**(7,640)**	–	–	–	–
LOSS FOR THE PERIOD/ YEAR FROM CONTINUING OPERATIONS	**(78,944)**	(12,905)	(9,600)	(9,557)	(9,671)
DISCONTINUED OPERATIONS					
Loss for the period/year from discontinued operations	**(310,372)**	(193,540)	(201,348)	(78,688)	(27,053)
LOSS FOR THE PERIOD/YEAR	**(389,316)**	(206,445)	(210,948)	(88,245)	(36,724)
Attributable to:					
Owners of the Company	**(394,405)**	(206,445)	(210,948)	(88,245)	(36,724)
Non-controlling interests	**5,089**	–	–	–	–
	(389,316)	(206,445)	(210,948)	(88,245)	(36,724)

ASSETS AND LIABILITIES	**As at 31 December 2014 HK$'000**	As at 30 September 2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000	2010 HK$'000
Non-current assets	**345,701**	606,438	616,756	601,384	585,365
Current assets	**1,313,042**	625,786	910,034	789,109	639,638
TOTAL ASSETS	**1,658,743**	1,232,224	1,526,790	1,390,493	1,225,003
Current liabilities	**1,227,773**	632,097	950,508	568,816	387,107
Non-current liabilities	**243,077**	214,452	48,790	36,801	27,653
TOTAL LIABILITIES	**1,470,850**	846,549	999,298	605,617	414,760
NET ASSETS	**187,893**	385,675	527,492	784,876	810,243

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the period are set out in notes 16 and 17 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Movements in the Company's share capital and share options during the period are set out in notes 37 and 40 to the financial statements, respectively.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

RESERVES

Details of movements in the reserves of the Group during the period are set out in the consolidated statement of changes in equity.

As at 31 December 2014, the Group's reserves available for distribution, showed a deficit of HK$84,618,000, comprising accumulated losses of HK$787,941,000 and contributed surplus of HK$56,471,000. In accordance with the Bermuda Companies Act 1981, the contributed surplus may be distributed in certain circumstances. In addition, the Company's share premium account of HK$191,419,000 as at 31 December 2014 may be distributed in the form of fully paid bonus shares.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period of the Group are set out in note 50 to the financial statement.

MAJOR CUSTOMERS AND SUPPLIERS

In the period under review, sales to the Group's five largest customers accounted for 31% of the Group's total sales for the period and sales to the Group's largest customer accounted for 9% of the Group's total sales for the period. Purchases from the Group's five largest suppliers accounted for 36% of the Group's total purchases for the period and purchases from the Group's largest supplier accounted for 10% of the Group's total purchases for the period.

None of the Directors of the Company or any of their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Report of the Directors

DIRECTORS

The Directors of the Company during the fifteen months ended 31 December 2014 and up to the date of this report were:

Executive Directors:

Ms. Wong King Ching, Helen *(Chairman)*
Ms. Wong King Man *(Deputy Chairman)*
Mr. Leung Chi Fai
Mr. Lin Yepan (appointed on 2 May 2014)
Mr. Wang Tian (appointed on 2 May 2014)

Non-executive Directors:

Ms. Fong Yin Cheung*
Mr. Hung Yat Ming*
Mr. So Day Wing*
Ms. Wong Chun Ying (resigned on 2 May 2014)
Mr. Wong Kim Seong (resigned on 2 May 2014)

* Independent Non-executive Directors

In accordance with clause 111 of the Company's bye-laws, Ms. Wong King Man and Ms. Fong Yin Cheung will retire by rotation and, will not offer themselves for re-election at the forthcoming Annual General Meeting. Mr. So Day Wing will retire as Director and being eligible offer himself for re-election at the forthcoming Annual General Meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and senior management of the Group are set out on pages 8 to 9 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

Ms. Wong King Ching, Helen, and Mr. Leung Chi Fai entered into service contracts with the Company for an initial term of three years commencing from 1 August 1999 which continues thereafter until terminated by not less than three months' notice in writing served by either party on the other. The Company has extended the service contracts with these Directors until 31 July 2015.

Mr. Lin Yepan and Mr. Wang Tian entered into service contracts with the Company for an initial term of three years commencing from 2 May 2014 which continues thereafter until terminated by not less than three months' notice in writing served by either part on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Non-executive Directors are subject to retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS

On 17 November 2014, the Group entered into a sale and purchase agreement with Feng Hao Holdings Limited ("Feng Hao"), pursuant to which, the Group agrees to dispose its 100% entire interests in Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited and its subsidiaries (collectively referred to the "Disposal Group") at a consideration of HK$180,000,000. On 15 December 2014, the Group and the Purchaser have agreed to enter into the supplemental Agreement to increase the consideration to HK$300,000,000. Feng Hao is beneficially owned as to 50% by Ms. Wong Chun Ying, 16.668% by Ms. Wong King Ching, Helen and 16.666% by Ms. Wong King Man.

Saved as the related party transactions set out in note 45 to the financial statement, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the interests of the Directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest		
	Directly beneficially owned	Through controlled corporation	Percentage of the Company's issued share
Executive Directors:			
Ms. Wong King Ching, Helen	200,000	280,000,000 (Note 1)	
Ms. Wong King Man	49,648,000 (Note 2)	280,000,000 (Note 1)	
Non-executive Directors:			
Ms. Wong Chun Ying (resigned on 2 May 2014)	49,648,000 (Note 2)	–	
Mr. Wong Kim Seong (resigned on 2 May 2014)	10,000,000	–	
	59,848,000	280,000,000	23.7%

Notes:

1. These shares are beneficially owned by Farnell Profits Limited, the entire issued share capital of which was previously held by the late Mr. Wong Choi Fung ("Mr. Wong") and currently forms part of the estate of the late Mr. Wong. Ms. Wong King Ching, Helen and Ms. Wong King Man, Directors of the Company, are beneficiaries of the said estate, whose interests in the shares of Farnell Profits Limited will not be ascertained until completion of the administration of estate of the late Mr. Wong.

2. These shares are jointly held by Ms. Wong King Man and Ms. Wong Chun Ying.

The interests of the Directors in the share options of the Company are separately disclosed in note 40 to the financial statements.

Save as disclosed above, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in note 40 to the financial statements, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, so far as is known to the Directors, the interests or short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of underlying shares *(Note 1)*	Percentage of shareholding *(Note 2)*
Lin Zhen Jun	Beneficial owner	133,333,333 (L)	9.30%
Xiao Guang, Kevin (Note 3)	Beneficial owner	550,000,000 (L)	38.35%
Xiao Guang, Kevin (Note 3)	Beneficial owner	366,666,666 (S)	25.56%

Note:

1. (L) refer to long position; (S) refer to small position.

2. This percentage is based on 1,434,301,299 ordinary shares of the Company issued as at 31 December 2014.

3. Xiao Guang, Kevin is interested in principal amount of convertible notes of HK$165,000,000 issued on 2 May 2014 by the Company which are convertible into ordinary shares at conversion price of HK$0.3 per share. Convertible notes in the principal amount of HK$100,000,000 was pledged to the Group by Xiao Guang, Kevin to secure the profit guarantee as set out in note 22 to the financial statements.

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any persons (other than the Directors and chief executive of the Company) having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Directors have reviewed the connected transactions as defined under the Listing Rules, as set out in note 45 to the financial statements, and confirmed that such transactions were entered into in compliance with the following conditions:

(i) The Audit Committee had reviewed the transactions and confirmed that:

(a) the transactions were entered into in the ordinary and usual course of business of the Group;
(b) the transactions were entered into on normal commercial terms (to the extent that there were comparable transactions), and (where applicable) in accordance with the terms of the agreements governing such transactions or (where there was no agreement) on terms no less favourable than those available to or from independent third parties;
(c) the transactions were entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
(d) the transactions do not exceed the limit set out in (iii)(d) below.

(ii) Details of the transactions were set out in the Company's Annual Report and financial statements as set out in Rule 14A.45(1) to (5) of the Listing Rules;

(iii) The auditors of the Company has reviewed the transactions and confirmed that:

(a) the transactions were approved by the Board of Directors;
(b) the transactions were entered into in accordance with the terms of the agreements relating to the transactions in question;
(c) the transactions were entered into in accordance with the pricing policies of the Group; and
(d) the aggregate consideration paid or received in respect of the transactions in the financial year reported on did not exceed 3% of the consolidated turnover of the Group as shown in its audited financial statements.

Report of the Directors

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 21 of the Annual Report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the fifteen months ended 31 December 2014 and up to the date of this report as required under the Listing Rules.

AUDIT COMMITTEE

The Company's Audit Committee was established on 6 August 1999 in accordance with the requirements of the Code of Best Practice (the "Code") for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. Members of the Audit Committee at the date of this report comprised Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing, the three Independent Non-executive Directors of the Company.

The Group's financial statements for the fifteen months ended 31 December 2014 have been reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and legal requirements, and that adequate disclosures have been made.

AUDITORS

On 25 July 2014, Zenith CPA Limited resigned as auditor of the Company and Moore Stephens Certified Public Accountants is appointed as auditors of the Company on 19 August 2014. A resolution for re-appointment of Moore Stephens Certified Public Accountants as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Wong King Ching, Helen
Chairman

Hong Kong
24 April 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures. The Company endeavors to ensure that its businesses are conducted in accordance with the rules and regulations and applicable codes and standards.

The Board of Directors (the "Board") will review and improve the corporate governance practices from time to time to ensure that the interests of its shareholders are properly protected and promoted.

During the period under review, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, except for the deviations as disclosed in this report.

BOARD OF DIRECTORS

(1) Responsibilities

The Board is responsible for the management and strategic directions of the Company. The Board is also accountable to shareholders for the performance and activities of the Company. The day-to-day management, operation and administration of the Company are delegated to the management, while certain key matters such as making recommendation of final dividend or other distributions are reserved for the approval by the Board. Other major corporate matters that are delegated by the Board to management include execution of business strategies, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Company for each financial period. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted and accounting standards issued by the Hong Kong Institute of Certified Public Accountants have been complied with. Appropriate accounting policies have been selected and applied consistently. The accounts are prepared on a going concern basis with supporting assumptions or qualifications as necessary. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group.

Details of Directors' attendance at the Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and General meetings held for the fifteen months ended 31 December 2014 are set out in the table below:

	No. of meetings attended/entitled to attend				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Directors					
Wong King Ching, Helen *(Chairman)*	13/13	–	1/1	1/1	0/2
Wong King Man *(Deputy Chairman)*	11/13	–	–	1/1	2/2
Leung Chi Fai	13/13	3/3	1/1	1/1	2/2
Lin Yepan (appointed on 2 May 2014)	9/11	–	–	–	–
Wang Tian (appointed on 2 May 2014)	11/11	–	–	–	–
Non-executive Directors					
Wong Chun Ying (resigned on 2 May 2014)	1/2	–	–	–	0/2
Wong Kim Seong (resigned on 2 May 2014)	0/2	–	–	–	0/2
Independent Non-executive Directors					
Fong Yin Cheung	10/13	3/3	–	–	0/2
Hung Yat Ming (appointed on 28 February 2013)	13/13	3/3	–	–	0/2
So Day Wing	12/13	3/3	1/1	1/1	0/2

BOARD OF DIRECTORS *(Continued)*

(2) Board Composition

The Board currently comprises five Executive Directors and three Independent Non-executive Directors.

The Board members for the fifteen months ended 31 December 2014 are:

Executive Directors
Wong King Ching, Helen *(Chairman and Chief Executive Officer)*
Wong King Man
Leung Chi Fai
Lin Yepan (appointed on 2 May 2014)
Wong Tian (appointed on 2 May 2014)

Non-executive Directors
Wong Chun Ying (resigned on 2 May 2014)
Wong Kim Seong (resigned on 2 May 2014)

Independent Non-executive Directors
Fong Yin Cheung
Hung Yat Ming
So Day Wing

The biographies of the Directors are set out on page 8 of this Annual Report.

During the fifteen months ended 31 December 2014, the Board met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors. The Company has received a written confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules. All the Independent Non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. During the reporting period, Ms. Wong King Ching, Helen holds both positions of the Chairman and the Chief Executive Officer of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Ms. Wong to hold both positions as it helps to maintain the continuity of the Company's policies and the stability of the Company's operations.

Under Code Provision A.4.1, the Non-executive Directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors of the Company are not appointed for specific terms. According to the Company's Bye-Law 111(A), one third of the Directors shall retire from the office by rotation at each Annual General Meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Board, this meets the same objectives and is no less exacting than those in the Code.

Under Code Provision A.4.2, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-Law 111(A) states that the Chairman is not subject to retirement by rotation and shall not be counted in determining the number of Directors to retire. In the opinion of the Board, the continuity of leadership role of the Chairman is important for the stability of the Company and is considered beneficial to the growth of the Company. The Board is of the view that the Chairman should not be subject to retirement by rotation at the present time.

BOARD OF DIRECTORS *(Continued)*

(3) Directors' Training

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also provides relevant reading materials to Directors to help ensure they are apprised of the roles, functions and duties of being a director of a listed company and the development of their knowledge on the regulatory updates whenever necessary or appropriate.

During the period under review, the Company has provided training materials to all Directors, namely Ms. Wong King Ching, Helen, Ms. Wong King Man, Mr. Leung Chi Fai, Mr. Lin Yepan, Mr. Wang Tian, Ms. Wong Chun Ying, Mr. Wong Kim Seong, Ms, Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing, to keep them abreast of the latest development of legal, regulatory and corporate governance. The Company has received the records of training from all Directors.

AUDIT COMMITTEE

The Audit Committee is comprised of three Independent Non-executive Directors. They together have substantial experience in the fields of accounting, business, corporate governance and regulatory affairs. The Committee is responsible for reviewing the Company's financial information, financial and accounting policies and practices adopted by the Group, compliance of listing rules and statutory requirements, risk management, internal control and financial reporting matters of the Group. The Committee also monitors the appointment, remuneration and function of the Group's external auditor.

Three Audit Committee meetings were held during the period to discuss and review the following matters:

1. reviewed of annual results for the year ended 30 September 2013, interim results for the six months ended 31 March 2014 and second interim results for the twelve months ended 30 September 2014;
2. considered the principal accounting policies adopted by the Group;
3. reviewed the cash flow of the Group;
4. discussed on the control of accounts receivables;
5. discussed on the control of inventories;
6. reviewed the related parties transactions;
7. reviewed the adequacy and effectiveness of the internal control system and make recommendations to the Board for improvement of internal control, credit control and risk management.

AUDITOR'S REMUNERATION

The Statement of the Group's external auditor, Moore Stephens Certified Public Accountants, about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 22 to 23.

During the fifteen months ended 31 December 2014, the total fee paid/payable in respect of audit services provided by the external auditor is set out below:

	Fifteen months ended 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Audit services	**1,500**	1,238
Non-audit services	**1,700**	–
	3,200	1,238

REMUNERATION COMMITTEE

The Remuneration Committee, comprises the three Independent Non-executive Directors of the Company, the Chairman and Mr. Leung Chi Fai, the Finance Director of the Company, is responsible for reviewing and evaluating the remuneration packages of the Executive Directors and making recommendations to the Board from time to time.

During the period under review, the Remuneration Committee reviewed the existing remuneration policies of the Company.

NOMINATION COMMITTEE

The Nomination Committee, comprises the three Executive Directors, Ms. Wong King Ching, Helen, Ms. Wong King Man and Mr. Leung Chi Fai, and the three Independent Non-executive Directors of the Company. It is responsible for the appointment of new Directors. To maintain the quality of the Board with a balance of skills and experience, the Committee will identify individuals suitably qualified to become Directors when necessary. In evaluating whether an appointee is suitable to act as a Director, the Committee will consider the experience, qualification and other relevant factors.

During the period under review, the Nomination Committee had reviewed the structure, size and composition of the Board of Directors of the Company and the retirement and re-appointment arrangement of the Directors in the Company's forthcoming Annual General Meeting.

INTERNAL CONTROL

The Board is responsible for ensuring that a sound and effective internal control system is maintained within the Group. The Company has adopted a set of internal control procedures and policies to safeguard the Group's assets, to ensure proper maintenance of accounting records and reliability of financial reporting and to ensure compliance with relevant legislation and regulations. The internal control system is designed to ensure that the financial and operational functions, compliance control, material control, asset management and risk management functions are in place and functioning effectively.

Internal audit of the Group covered the review of financial, operational and compliance controls and risk management functions of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the Code. The corporate governance duties performed by the Board for the fifteen months ended 31 December 2014 were summarized below:

(i) reviewed the Company's corporate governance policies and practices;
(ii) reviewed the Company's policies and practices to ensure compliance with legal and regulatory requirements;
(iii) reviewed the Company's compliance with the Code and other related rules and disclosures in this Corporate Governance Report; and
(iv) reviewed the training and continuous professional development of the Directors and senior management.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors of the Company, the Company confirms that all Directors of the Company have complied with the required standard set out in the Model Code throughout the period.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend the general meetings to have personal communication with shareholders. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders.

For both institutional and retail investors, the Company's website at www.sunwayhk.com, as well as a third-party hosted website at www.irasia.com/listco/hk/sunway, provide up-to-date information on the Group. All key information such as announcements, annual and interim reports can be downloaded from these websites.

SHAREHOLDERS' RIGHTS

(1) Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a EGM.

If within twenty-one days of such deposit the Board fails to proceed to convene the EGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a EGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

(2) Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at Room 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

(3) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's office in Hong Kong at Room 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories.

CONSTITUTIONAL DOCUMENTS

There are no charges in the Company's constitutional documents during the period.

Independent Auditors' Report

MOORE STEPHENS
CERTIFIED PUBLIC ACCOUNTANTS

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馬施雲
會計師事務所

To the shareholders of Sunway International Holdings Limited
(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Sunway International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 111, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 October 2013 to 31 December 2014, 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 preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(a) Prepayments, deposits and other receivables

As disclosed in Note 25 on the consolidated financial statements, the Group recorded prepayments, deposits and other receivables of HK$132,672,000 as at 31 December 2014. The balance includes an amount of HK$43,445,000 which was purported to be prepayments to certain suppliers for purchase of goods and machineries (the "Prepayment"). However, subsequent to the period ended 31 December 2014, there have been no goods or machineries received from those suppliers in relation to the Prepayment. In the absence of sufficient evidence available to us to ascertain the nature and recoverability of the Prepayment as at 31 December 2014, we were unable to satisfy ourselves that these amounts were properly accounted for and disclosed in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(b) **Going concern basis**

As at 31 December 2014, a subsidiary (the "Subsidiary") of the Group recorded outstanding bank borrowings and note payables of HK$82,268,000 (equivalent to RMB65,240,000) and HK$31,020,000 (equivalent to RMB24,599,000) which were due for repayment or renewal within the next twelve months after 31 December 2014. Subsequent to 31 December 2014, the Subsidiary was in default of its repayment on certain note payables amounting to HK$11,879,000 (equivalent to RMB9,420,000) (the "Note Payables"). In March 2015, a bank filed a lawsuit in Zhuhai Xiangzhou People's Court (珠海市香洲區人民法院) against the Subsidiary to demand immediate repayment of the Note Payables and related interest charges amounting to HK$5,900,000 (equivalent to RMB4,679,000). In addition, a creditor filed a lawsuit in Zhuhai Doumen People's Court (珠海市斗門區人民法院) against the Subsidiary to demand immediate repayment of certain overdue construction service fee and related interest charges of HK$1,999,000 (equivalent to RMB1,585,000).

As further explained in note 2.1, the directors of the Company are undertaking steps to improve the Subsidiary's liquidity and financial position. These steps mainly include, but not limited to: (i) apply cost control measures in cost of sales and administrative expenses; (ii) accelerate the collection process of trade receivables; (iii) the Group is currently in the process of negotiating with banks and a creditor to renew and roll over the Subsidiary's note payables, interest-bearing borrowings and other payable; (iv) for bank borrowings of the Subsidiary which will be mature before 31 December 2015, the Group will actively negotiate with the banks when they fall due to secure necessary fund to meet the Group's working capital and financial requirements in the future; and (v) Ms. Wong King Ching, Helen, an executive director and a substantial shareholder of the Company, has agreed to provide continuous financial support to the Group. The consolidated financial statements have been prepared on a going concern basis, the validity is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described above. Based on the above, the directors have prepared the consolidated financial statements on the assumption that the Group will continue as a going concern. As at the date of approval of the financial statements, the result of these measures have not yet been concluded and we have not been able to obtain evidence that we consider necessary to satisfy ourselves that whether the adoption of going concern basis in these consolidated financial statements is appropriate.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for period from 1 October 2013 to 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 September 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 30 December 2013.

Moore Stephens
Certified Public Accountants

Hong Kong, 24 April 2015

Consolidated Income Statement

For the period from 1 October 2013 to 31 December 2014

	Notes	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (restated)
Continuing operations			
Revenue	6	**305,048**	–
Cost of sales		**(256,647)**	–
Gross profit		**48,401**	–
Other income	7	**6,637**	246
Other gains and losses	8	**(64,066)**	(1,295)
Selling and distribution expenses		**(9,412)**	–
Administrative expenses		**(30,347)**	(11,856)
Other expenses		**(1,835)**	–
Finance costs	9	**(20,682)**	–
Loss before tax	10	**(71,304)**	(12,905)
Income tax expenses	13	**(7,640)**	–
Loss for the period/year from continuing operations		**(78,944)**	(12,905)
Discontinued operations			
Loss for the period/year from discontinued operations		**(310,372)**	(193,540)
Loss for the period/year		**(389,316)**	(206,445)
Loss for the period/year attributable to:			
Owners of the Company			
– Continuing operations		**(84,033)**	(12,905)
– Discontinued operations	27	**(310,372)**	(193,540)
		(394,405)	(206,445)
Non-controlling interests			
– Continuing operations		**5,089**	–
		(389,316)	(206,445)

Consolidated Statement of Comprehensive Income

For the period from 1 October 2013 to 31 December 2014

	Notes	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (restated)
Loss for the period/year		**(389,316)**	(206,445)
Other comprehensive income			
Items that will be reclassified to consolidated income statement in subsequent periods:			
Available-for-sale financial assets:			
Change in fair value, net of tax		**(106)**	951
Reclassification adjustment for loss on disposal included in consolidated income statement, net of tax		**255**	1,295
		149	2,246
Exchange differences on translation of foreign operations		**–**	15,491
		149	17,737
Items that will not be reclassified to consolidated income statement in subsequent periods:			
Revaluation of items of property, plant and equipment, net of tax		**12,900**	44,905
		12,900	44,905
Other comprehensive income for the period/year, net of tax		**13,049**	62,642
Total comprehensive income for the period/year		**(376,267)**	(143,803)
Total comprehensive income for the period/year attributable to:			
Owners of the Company			
– Continuing operations		**(81,755)**	(10,659)
– Discontinued operations		**(301,509)**	(133,144)
		(383,264)	(143,803)
Non-controlling interests			
– Continuing operations		**6,997**	–
		(376,267)	(143,803)
Loss per share from continuing and discontinued operations attributable to owners of the Company for the period/year			
Basic and diluted	15		
– continuing operations		**HK(8 cents)**	HK(1 cents)
– discontinued operations		**HK(27 cents)**	HK(19 cents)
		HK(35 cents)	HK(20 cents)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)	As at 1 October 2012 HK$'000 (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	16	**167,555**	442,549	469,252
Investment properties	17	**–**	91,432	63,770
Intangible assets	18	**80**	–	–
Prepaid land lease payments	19	**34,217**	67,281	67,137
Goodwill	20	**84,421**	–	–
Interest in a joint venture	21	**–**	2,072	9,456
Available-for-sale financial assets	22	**44,489**	2,373	6,430
Deposit paid for acquisition of non-current assets		**10,719**	731	711
Deferred tax assets	32	**4,220**	–	–
Total non-current assets		**345,701**	606,438	616,756
Current assets				
Inventories	23	**22,235**	251,140	293,595
Loan receivables		**–**	–	155,918
Trade and bill receivables	24	**171,596**	205,478	148,495
Prepayments, deposits and other receivables	25	**132,672**	21,113	24,693
Amount due from a joint venture	30	**–**	–	326
Tax recoverable		**–**	–	80
Pledged bank deposits	26(b)	**7,485**	2,712	16,354
Cash and bank balances	26(a)	**20,529**	145,343	270,573
		354,517	625,786	910,034
Assets classified as held-for-sale	27	**958,525**	–	–
Total current assets		**1,313,042**	625,786	910,034
Current liabilities				
Trade and bill payables	28	**104,831**	121,330	151,815
Other payables, accruals and deposits received	29	**28,876**	149,538	116,920
Amount due to a non-controlling shareholder	30	**80,399**	–	–
Amount due to a director	30	**–**	5,908	2,681
Interest-bearing borrowings	31	**112,216**	325,535	650,164
Tax payable		**9,316**	29,786	28,928
		335,638	632,097	950,508
Liabilities classified as held-for-sale	27	**892,135**	–	–
Total current liabilities		**1,227,773**	632,097	950,508
Net current assets/(liabilities)		**85,269**	(6,311)	(40,474)
Total assets less current liabilities		**430,970**	600,127	576,282

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)	As at 1 October 2012 HK$'000 (restated)
Non-current liabilities				
Deferred tax liabilities	32	**6,216**	59,386	48,048
Provision for long service payment	33	**210**	689	742
Other borrowing	34	**–**	154,377	–
Interest-bearing borrowings	31	**29,003**	–	–
Other payable	35	**129,089**	–	–
Promissory note	36	**78,559**	–	–
Total non-current liabilities		**243,077**	214,452	48,790
Net assets		**187,893**	385,675	527,492
EQUITY				
Share capital	37	**143,430**	101,600	101,600
Convertible notes	38	**75,595**	–	–
Reserves	39	**(84,618)**	284,075	425,892
Equity attributable to owners of the Company		**134,407**	385,675	527,492
Non-controlling interests		**53,486**	–	–
Total equity		**187,893**	385,675	527,492

Wong King Ching, Helen
Director

Leung Chi Fai
Director

Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Non-current assets			
Interest in subsidiaries	48	**395,085**	118,577
Available-for-sale financial assets	22	**44,489**	2,373
Total non-current assets		**439,574**	120,950
Current assets			
Amounts due from subsidiaries	48	**–**	308,206
Prepayment and other receivables	25	**345**	22
Cash and bank balances	26(a)	**5,417**	544
Total current assets		**5,762**	308,772
Current liabilities			
Other payables and accruals	29	**4,237**	1,310
Amount due to a subsidiary	48	**2**	2
Total current liabilities		**4,239**	1,312
Net current assets		**1,523**	307,460
Total assets less current liabilities		**441,097**	428,410
Non-current liabilities			
Provision for long service payment	33	**210**	242
Other payable	35	**129,089**	–
Promissory note	36	**78,559**	–
		207,858	242
Net assets		**233,239**	428,168
Equity			
Share capital	37	**143,430**	101,600
Convertible notes	38	**75,595**	–
Reserves	39	**14,214**	326,568
Total equity		**233,239**	428,168

Wong King Ching, Helen
Director

Leung Chi Fai
Director

Consolidated Statement of Changes in Equity

For the period from 1 October 2013 to 31 December 2014

	Equity attributable to owners of the Company													
	Share capital HK$'000 (Note 37)	Share premium HK$'000 (Note 39(a))	Convertible notes HK$'000 (Note 38)	Contributed surplus HK$'000 (Note 39(b))	Capital redemption reserve HK$'000 (Note 39(a))	Share option reserve HK$'000 (Note 39(c))	Asset revaluation reserve HK$'000 (Note 39(d))	Exchange fluctuation reserve HK$'000 (Note 39(e))	PRC statutory reserves HK$'000 (Note 39(f))	Available-for-sale financial assets revaluation reserve HK$'000 (Note 39(g))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 October 2013 (restated)	101,600	177,325	–	56,471	509	6,925	170,206	249,713	12,928	2,518	(392,520)	385,675	–	385,675
Loss for the period	–	–	–	–	–	–	–	–	–	–	(394,405)	(394,405)	5,089	(389,316)
Other comprehensive income:														
Surplus on revaluation of items of property, plant and equipment, net of tax	–	–	–	–	–	–	10,992	–	–	–	–	10,992	1,908	12,900
Available-for-sale financial assets:														
Change in fair value, net of tax	–	–	–	–	–	–	–	–	–	(106)	–	(106)	–	(106)
Reclassification adjustment for loss on disposal included in the consolidated income statement, net of tax (note 22)	–	–	–	–	–	–	–	–	–	255	–	255	–	255
Total comprehensive income for the period	–	–	–	–	–	–	10,992	–	–	149	(394,405)	(383,264)	6,997	(376,267)
Transfer to PRC statutory reserves	–	–	–	–	–	–	–	–	2,707	–	(1,800)	907	(907)	–
Issue of convertible notes (note 38)	–	–	125,992	–	–	–	–	–	–	–	–	125,992	–	125,992
Conversion of convertible notes (note 38)	40,000	10,397	(50,397)	–	–	–	–	–	–	–	–	–	–	–
Exercise of share options	1,830	3,697	–	–	–	(2,049)	–	–	–	–	–	3,478	–	3,478
Equity-settled share option arrangement	–	–	–	–	–	1,619	–	–	–	–	–	1,619	–	1,619
Share options lapsed	–	–	–	–	–	(784)	–	–	–	–	784	–	–	–
Non-controlling interests arising on business combination (note 41)	–	–	–	–	–	–	–	–	–	–	–	–	47,396	47,396
As at 31 December 2014	143,430	191,419*	75,595	56,471*	509*	5,711*	181,198*	249,713*	15,635*	2,667*	(787,941)*	134,407	53,486	187,893

* These reserve accounts comprise the consolidated reserves of a net debit amount of HK$84,618,000 (year ended 30 September 2013: a net credit amount of HK$284,075,000).

Consolidated Statement of Changes in Equity

For the period from 1 October 2012 to 30 September 2013

	Equity attributable to owners of the Company													
	Share capital HK$'000 (Note 37)	Share premium HK$'000 (Note 39(a))	Convertible notes HK$'000 (Note 38)	Contributed surplus HK$'000 (Note 39(b))	Capital redemption reserve HK$'000 (Note 39(a))	Share option reserve HK$'000 (Note 39(c))	Asset revaluation reserve HK$'000 (Note 39(d))	Exchange fluctuation reserve HK$'000 (Note 39(e))	PRC statutory reserves HK$'000 (Note 39(f))	Available-for-sale financial assets revaluation reserve HK$'000 (Note 39(g))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 October 2012 (restated)	101,600	177,325	–	56,471	509	5,951	125,301	234,222	12,928	272	(187,087)	527,492	–	527,492
Loss for the year	–	–	–	–	–	–	–	–	–	–	(206,445)	(206,445)	–	(206,445)
Other comprehensive income:														
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	15,491	–	–	–	15,491	–	15,491
Surplus on revaluation of items of property, plant and equipment, net of tax	–	–	–	–	–	–	44,905	–	–	–	–	44,905	–	44,905
Available-for-sale financial assets:														
Change in fair value, net of tax	–	–	–	–	–	–	–	–	–	951	–	951	–	951
Reclassification adjustment for loss on disposal included in the consolidated income statement, net of tax (note 22)	–	–	–	–	–	–	–	–	–	1,295	–	1,295	–	1,295
Total comprehensive income for the year	–	–	–	–	–	–	44,905	15,491	–	2,246	(206,445)	(143,803)	–	(143,803)
Equity-settled share option arrangement	–	–	–	–	–	1,986	–	–	–	–	–	1,986	–	1,986
Share options lapsed	–	–	–	–	–	(1,012)	–	–	–	–	1,012	–	–	–
As at 30 September 2013 (Restated)	101,600	177,325*	–	56,471*	509*	6,925*	170,206*	249,713*	12,928*	2,518*	(392,520)*	385,675	–	385,675

Consolidated Statement of Cash Flows

For the period from 1 October 2013 to 31 December 2014

	Notes	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (restated)
Cash flows from operating activities			
Loss before tax			
Continuing operations		**(71,304)**	(12,905)
Discontinued operations	27	**(305,519)**	(186,893)
		(376,823)	(199,798)
Adjustments for:			
Amortisation of intangible assets	18	**31**	–
Amortisation of prepaid land lease payments	19	**3,033**	1,858
Bank and other interest income		**(3,347)**	(2,707)
Depreciation	16	**111,263**	87,896
Dividend income from available-for-sale financial assets	7	**(75)**	(244)
Equity-settled share option expenses	40	**1,619**	1,986
Fair value change of other payable	35	**(8,943)**	–
Fair value change of profit guarantee	22	**8,615**	–
Fair value change of investment properties	17	**1,155**	(4,164)
Finance costs		**57,832**	40,372
Gain on disposal of items of property, plant and equipment		**(7,434)**	–
Loss on disposal of available-for-sale financial assets	22	**255**	1,295
Loss on written off of property, plant and equipment		**1,970**	–
Provision for impairment on amount due from a joint venture		**–**	331
Provision for impairment on other receivables, net	25	**7,312**	2,029
Provision for impairment on goodwill	20	**42,902**	–
Provision for impairment on interest in a joint venture		**1,274**	–
Provision for/(Reversal of) impairment on trade receivables, net	24	**42,354**	(7,521)
Reversal of provision for long service payment	33	**(88)**	(53)
Share of loss of a joint venture		**798**	7,561
Write-down/(Reversal of write-down) of inventories to net realisable value, net		**8,972**	(10,768)
Operating loss before working capital changes		**(107,325)**	(81,927)
Decrease in inventories		**95,825**	53,223
Increase in trade and bill receivables		**(7,728)**	(49,462)
(Increase)/Decrease in prepayments, deposits and other receivables		**(17,845)**	1,551
Increase/(Decrease) in trade and bill payables		**8,006**	(30,485)
(Decrease)/Increase in other payables, accruals and deposits received		**(4,180)**	30,180
Cash used in operations		**(33,247)**	(76,920)
Interest received		**3,347**	2,707
Interest paid		**(43,824)**	(40,372)
PRC Income tax paid		**(22,770)**	(4,764)
Net cash used in operating activities		**(96,494)**	(119,349)

Consolidated Statement of Cash Flows

For the period from 1 October 2013 to 31 December 2014

	Notes	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (restated)
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	**(23,288)**	(14,981)
Acquisition of land use right	19	**(7,329)**	–
Proceeds from disposal of available-for-sale financial assets		**1,230**	–
Proceeds from disposal of items of property, plant and equipment		**5,250**	5,008
Net cash flow arising on acquisition of subsidiaries	41	**5,095**	–
Dividend income		**75**	244
(Increase)/decrease in pledged bank deposits		**(30,556)**	13,642
Decrease/(Increase) in bank deposits with original maturity over 3 months		**63,032**	(78,887)
Loan repayment from independent third parties		**–**	155,918
Net cash generated from investing activities		**13,509**	80,944
Cash flows from financing activities			
Proceeds from trust receipt loans		**22,268**	13,792
Repayment of trust receipt loans		**(19,460)**	(18,053)
(Repayment of)/proceeds from other borrowing		**(154,377)**	154,377
Proceeds from loans and borrowings		**873,077**	418,789
Repayment to loans and borrowings		**(726,947)**	(739,157)
Exercise of share options		**3,478**	–
Increase in amount due to a non-controlling shareholder		**9,205**	–
Increase in amount due to a director		**66,186**	3,227
Net cash generated from/(used in) financing activities		**73,430**	(167,025)
Net decrease in cash and cash equivalents		**(9,555)**	(205,430)
Cash and cash equivalents at beginning of period/year		**66,456**	270,573
Effect of foreign exchange rate changes, net		**–**	1,313
Cash and cash equivalents at end of period/year		**56,901**	66,456
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position	26(a)	**7,919**	66,456
Cash and cash equivalents attributable to discontinued operations	27	**48,982**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		**56,901**	66,456

Notes to the Financial Statements

For the period from 1 October 2013 to 31 December 2014

1. GENERAL INFORMATION

Sunway International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and the issued shares of which are listed on The Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Rooms 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong. During the year, the Company's principal activity is investment holding.

The principal activities of the subsidiaries comprise the design, development, manufacture and sale of a wide range of (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products).

As stated in the circular dated 31 March 2014, First Billion Global Limited ("First Billion"), a direct wholly-owned subsidiary of the Company has entered into a sale and purchase agreement with Mr. Xiao Guang Kevin, for the purchase of 100% equity interest in Joint Expert Global Limited ("Joint Expert"), which is engaged in the manufacturing and trading the construction materials business (the "Construction Materials Business"). The acquisition of the Joint Expert was completed on 2 May 2014. As stated in the announcement dated 26 November 2014 and 15 December 2014, and the circular dated on 12 January 2015 issued by the Company, the directors determined to dispose of the existing electronic business and then focus on the Construction Materials Business. Upon the completion, the Company and its subsidiaries (collectively referred to as the "Group") will cease to be engaged in the electronic business and the principal activities of the Company and its subsidiaries will be changed to manufacturing and trading of construction materials. Existing electronic business are presented as discontinued operation in these financial statements as further disclosed in note 27.

Pursuant to a resolution of the board of directors dated 28 July 2014, the financial year of the Company has been changed from 30 September to 31 December. These consolidated financial statements now presented cover a period of fifteen months from 1 October 2013 to 31 December 2014. Accordingly, the comparative figures presented for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the financial year from 1 October 2012 to 30 September 2013, are not comparable with those of the current period. The change of the financial year end date of the Company is to align its financial year end date with all of its major operating subsidiaries.

Notes to the Financial Statements

For the period from 1 October 2013 to 31 December 2014

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the financial statements also comply with applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange.

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties, certain property, plant and equipment, available-for-sale financial assets which are measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going concern basis

As at 31 December 2014, a subsidiary (the "Subsidiary") of the Group recorded outstanding bank borrowings and note payables of HK$82,268,000 (equivalent to RMB65,240,000) and HK$31,020,000 (equivalent to RMB24,599,000) which were due for repayment or renewal within the next twelve months after 31 December 2014. Subsequent to 31 December 2014, the Subsidiary was in default of its repayment on certain note payables amounting to HK$11,879,000 (equivalent to RMB9,420,000) (the "Note Payables"). In March 2015, a bank filed a lawsuit in Zhuhai Xiangzhou People's Court (珠海市香洲區人民法院) against the Subsidiary to demand immediate repayment of the Note Payables and related interest charges amounting to HK$5,900,000 (equivalent to RMB4,679,000). In addition, a creditor filed a lawsuit in certain Zhuhai Doumen People's Court (珠海市斗門區人民法院) against the Subsidiary to demand immediate repayment of certain overdue construction service fee and related interest charges of HK$1,999,000 (equivalent to RMB1,585,000).

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2014 and subsequently thereto up to the date of approval of the consolidated financial statements. In order to improve the Group's financial positions, immediate liquidity and cash flows, the directors of the Company have adopted several measures together with other measures in progress at the date of approval of these consolidated financial statements which include, but not limited to, the followings:

(i) Apply cost control measures in cost of sales and administrative expenses;

(ii) Accelerate the collection process of trade receivables;

(iii) The Group is currently in the process of negotiating with banks and creditor to renew or roll over the Group's note payables, interest-bearing borrowings and other payable;

(iv) For interest-bearing borrowings which will be mature before 31 December 2015, the Group will actively negotiate with the banks when they fall due to secure necessary fund to meet the Group's working capital and financial requirements in the future; and

(v) Ms. Wong King Ching, Helen, an executive director and a substantial shareholder of the Company, has agreed to provide continuous financial support to the Group.

2.1 BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

The directors are of the opinion that, after taking into account the measures as mentioned above, the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from 31 December 2014. Accordingly the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to write down the carrying value of the Group's assets to their estimated recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements included the financial statements of the Company and its subsidiaries for the period from 1 October 2013 to 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Unrealised losses resulting from intra-group transactions are also eliminated unless the transaction provides evidence of impairment of the asset transferred, in which case they are recognised immediately in income statement.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the owners of the Company.

If the Group loses control over a subsidiary, it derecognises (i) assets (including goodwill) and liabilities of the subsidiary, and (ii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any retained interest and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 PRIOR YEAR ADJUSTMENTS

In preparing the consolidated financial statements of the Group for the fifteen months ended 31 December 2014, the Directors of the Company had revisited the facts and circumstances associated of certain areas. The consolidated financial statements for the year ended 30 September 2013 have been restated to correct these errors. The effect of the restatements in the consolidated statements of financial position and the consolidated statements of comprehensive income are summarised as below:

(i) Provision for social security contribution and severance payments

Understatement of provision for social security contribution and severance payment in the People's Republic of China (the "PRC") in prior years was discovered. As a result of a detailed review, the administrative expenses in consolidated income statement and exchange reserve in consolidated statement of comprehensive income for the year ended 30 September 2013 has been overstated by approximately HK$5,765,000 and HK$2,438,000 respectively. The opening balance of equity as at 1 October 2012 has been overstated by approximately HK$83,381,000 and the opening balance of other payables, accruals and deposit received has been understated by approximately HK$83,381,000.

2.2 PRIOR YEAR ADJUSTMENTS *(Continued)*

(ii) Measurement of building under revaluation model

The Group constructed a production factory in prior years. After recognition as an asset, the production factory was carried at its cost less any accumulated depreciation. The Group failed to adopt the Group's accounting policy as stated in note 3.3 to measure the production factory at revalued amount. As at 30 September 2013 and 1 October 2012, the carrying amount of the production factory recognised as building in property, plant and equipment was HK$1,033,000 and HK$2,911,000 respectively. During the current period, the Directors of the Company have measured the fair value of that production factory to be HK$13,430,000 and HK$12,987,000 as of 30 September 2013 and 1 October 2012 respectively.

Accordingly, the depreciation included in cost of sales in consolidated income statement for the year ended 30 September 2013 has been overstated by approximately HK$1,113,000. The revaluation surplus and exchange reserves in the consolidated statement of comprehensive income for the year ended 30 September 2013 has been understated by approximately HK$665,000 and HK$235,000, respectively. In addition, the opening balance of property, plant and equipment, accumulated depreciation, deferred tax liabilities and reserves as at 1 October 2012 have been understated by approximately HK$11,333,000, HK$1,257,000, HK$2,833,000 and HK$7,243,000 respectively.

As a result of the above restatements, the opening consolidated statement of financial position as at 1 October 2012 has been presented in accordance with the requirement of the HKAS1 (Revised). The effects of the prior period adjustments are summarised below:

Consolidated Statement of Financial Position:

	As at 30 September 2013 HK$'000	**As at 1 October 2012** HK$'000
Equity attributable to the owners of the Company:		
Increase in revaluation surplus	9,165	8,500
Decrease in exchange reserve	(2,203)	–
Increase in accumulated losses	(77,760)	(84,638)
Decrease in total equity	(70,798)	(76,138)
Increase in property, plant and equipment	12,397	10,076
Increase in deferred tax liabilities	(3,141)	(2,833)
Increase in accruals and other payables	(80,054)	(83,381)
Decrease in net assets	(70,798)	(76,138)

2.2 PRIOR YEAR ADJUSTMENTS *(Continued)*

Consolidated Statement of Comprehensive Income for the financial year ended 30 September 2013:

	Year ended 30 September 2013 HK$'000
Decrease in cost of sales	1,113
Decrease in administrative expenses	5,765
Decrease in exchange reserve	(2,203)
Increase in revaluation surplus	665
Increase in total comprehensive income for the year	5,340

	HK cents
Loss per share for the year ended 30 September 2013:	
Basic and diluted loss per share, as previously reported	21
Adjustments	(1)
Basic and diluted loss per share, as restated	20

3.1 ADOPTION OF NEW AND REVISED HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current period's consolidated financial statements.

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 Amendments	Amendments to Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Venture
HKAS 36 Amendments (early adopted)	Amendments to Recoverable Account Disclosure for Non-Financial Assets
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of these new amendments had no material impact on how the Group's results and financial position for the current period and prior years have been prepared and presented except as follows:

HKFRS 10 *Consolidated Financial Statements*

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special Purpose Entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with investees as at 1 October 2013.

3.1 ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 12 *Disclosure of Interests in Other Entities*

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

Detail of the disclosure for subsidiaries is involved in note 48 to the financial statements.

HKFRS 13 *Fair Value Measurement*

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 *Financial Instruments: Disclosures*. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask price for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit (the "CGU") which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or CGUs for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of goodwill in Note 20 to the financial statement have been modified accordingly.

3.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective in these financial statements:

		Effective for annual reporting periods beginning on or after
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Investment Entities	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014
HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle	1 July 2014

3.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(Continued)*

		Effective for annual reporting periods beginning on or after
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle	1 July 2014
HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (2011) Amendments	Equity Method in Separate Financial Statements	1 January 2016
HKFRS10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14*	Regulatory Deferral Accounts	1 January 2016
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9 (2014)	Financial Instruments	1 January 2018

* HKFRS 14 applies to first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and therefore is not applicable to the Group.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 9 *Financial Instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Business combination

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.

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.

Goodwill

Goodwill arising from acquisition of subsidiaries represents the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of the identifiable assets acquired and liabilities including contingent liabilities assumed as at the date of acquisition.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess, being bargain purchases, is recognised immediately in profit or loss.

Goodwill is initially recognised at cost and subsequently measured at cost less impairment losses. Goodwill is reviewed for impairment annually at the end of the reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. On subsequent disposal of a subsidiary, the carrying amount of goodwill relating to the entity sold is included in determining the amount of the gain or loss on disposal.

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 its involvement with 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, investments 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of a joint venture is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the joint venture is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its joint venture is eliminated to the extent of the Group's investment in a joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint venture is included as part of the Group's investments in a joint venture. The result of a joint venture is included in the Group's consolidated income statement to the extent of dividend received and receivable. The Group's investment in a joint venture is treated as non-current assets and are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is amortised for in accordance with the relevant accounting policy for that revalued asset. An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member to that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same Group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third party and the other party is an associate of the third party;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the 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 individual 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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated income statement. Any subsequent revaluation surplus is credited to the consolidated income statement to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases	Over the lease terms
Buildings	2% to 5%
Leasehold improvements	10%
Plant, machinery and office equipment	10%
Motor vehicles	20%
Furniture and fixtures	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of the investment properties are recognised in the consolidated income statement in the year of the retirement or disposal.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated income statement so as to provide a constant periodic rate of charge over the lease terms.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in noncurrent assets, and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial investment, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, trade and other receivables, deposits, amount due from a jointly-controlled entity and loan receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the consolidated income statement. The loss arising from impairment is recognised in the consolidated income statement for loans and receivables.

Available-for-sale financial assets

Available-for-sale financial investment is non-derivative financial asset in listed equity investment. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial assets revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated income statement, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale financial assets revaluation reserve to the consolidated income statement. Interest and dividends earned whilst holding the available-for-sale financial assets are reported as interest income and dividend income, respectively and are recognised in the consolidated income statement as other income in accordance with the policies set out for "Revenue recognition" below.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial assets (Continued)
The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Impairment of financial assets (Continued)

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is to the consolidated income statement.

Available-for-sale financial investment
For available-for-sale financial investment, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is removed from other comprehensive income and recognised in the consolidated income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement – is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to a jointly-controlled entity and director, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the consolidated income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the consolidated income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries and joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or income statement is also recognised in other comprehensive income or income statement, respectively.

The functional currencies of certain overseas subsidiaries and jointly-controlled entity are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale when their recoverable amounts are to be recovered principally through sale and sale is considered highly probable.

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amounts immediately prior to being classified as held-for-sale and fair value less costs to sell.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's line of business.

The measurement policies the Group uses for reporting segment results under HKFRS 8 *Operating Segments* are the same as those used in its financial statements prepared under HKFRSs, except that interest income, interest expense, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but tax assets.

Fair value measurement

The group measures its property, plant and equipment, investment properties and available-for-sale financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The major judgements, estimates and assumption that have the most significant effect on the amounts recognised in the consolidated financial statements and have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs to disposal and its value in use. The calculation of the fair value less costs to disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is HK$84,421,000 (30 September 2013: Nil). Details of the recoverable amount calculation are disclosed in Note 20.

(iv) Useful lives of property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges of its property, plant and equipment. These estimated useful lives and/or residual values are based on the historical experience of the actual useful lives of property, plant and equipment of similar assets and taking into account anticipated technological changes. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and thereafter depreciations charge in the future period. As at 31 December 2014, the carrying amount of the Group's property, plant and equipment is HK$167,555,000 (30 September 2013: HK$442,549,000). Further details are disclosed in Note 16.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(v) Net realisable value of inventories

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 3.3. Management estimates the net realisable value based on current market situation and historical experience of manufacturing and selling products of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write down or the related reversals of write down made in prior years and affect the Group's net asset value. As at 31 December 2014, the carrying amount of inventories is HK$22,235,000 (30 September 2013: HK$251,140,000). Details of recoverable amount calculation are disclosed in Note 23.

(vi) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax based on estimates of whether additional taxes will be due. 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 provision in the period in which such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different and the Group may be exposed to increase or decrease in deferred tax expenses that could be material.

As at 31 December 2014, the carrying amount of deferred tax assets and liabilities are HK$4,220,000 (30 September 2013: Nil) and HK$6,216,000 (30 September 2013: HK$59,386,000) respectively. Further details are disclosed in Note 32.

(vii) Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated of statement comprehensive income. As at 31 December 2014, the fair value of the available-for-sale financial assets is HK$44,489,000 (30 September 2013: HK$2,373,000). Further details are disclosed in Note 22.

5. OPERATING SEGMENT INFORMATION

At a result of the business combination as set out in note 41, the Group has two addition reportable business segment – pre-stressed ("PC") steel bars and high-strength concrete ("PHC") piles and others.

For management purpose, the Group is organised into business units based on their products and has four reportable operating segments as follows:

(a) the electronic components and parts segment consists of the design, development, manufacture and sale of electronic components and parts;

(b) the consumer electronic products segment consists of the design, development, manufacture and sale of consumer electronic products;

(c) the PC steel bars consists the sale and manufacturing of PC steel bar for steel strand wires, various pre-stressed materials and their respective production equipment, and industrial and building pre-stressed materials; and

(d) the PHC piles and others consist of the sales and manufacturing of PHC piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reporting segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that head office and corporate expenses, share of results of a joint venture, bank and other interest income, other income, gains and losses and finance costs are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets exclude goodwill, interest in a joint venture, available-for-sale financial assets, deferred tax assets, pledged bank deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing borrowings and other borrowing promissory note, other payable and unallocated head office and corporate liabilities, as these liabilities are managed on a group basis. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

5. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Segment results, segment assets and liabilities

For the 15 months ended 31 December 2014

	Continuing operations				Discontinued operations			
	PC steel bar HK$'000	PHC piles and others HK$'000	Elimination HK$'000	Sub-total HK$'000	Electronic components and parts HK$'000	Consumer electronic products HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue								
Revenue from external customers	69,967	243,943	(8,862)	305,048	344,012	425,934	769,946	1,074,994
Reportable segment (loss)/profit from operations	(59,397)	31,094	–	(28,303)	(138,197)	(159,250)	(297,447)	(325,750)
Reconciliation:								
Bank and other interest income				141			3,206	3,347
Other income, gains and losses				73			27,552	27,625
Finance costs				(20,682)			(37,150)	(57,832)
Share of loss of a joint venture				–			(798)	(798)
Unallocated head office and corporate expenses				(22,533)			(882)	(23,415)
Loss before tax				(71,304)			(305,519)	(376,823)
Other segment information:								
Capital expenditure#	(82)	(159)	–	(241)	(10,864)	(12,183)	(23,047)	(23,288)
Depreciation	(1,015)	(14,190)	–	(15,205)	(45,057)	(51,001)	(96,058)	(111,263)
Amortisation of prepaid land lease payments	(180)	(401)	–	(581)	(1,156)	(1,296)	(2,452)	(3,033)
Amortisation of intangible asset	–	(31)	–	(31)	–	–	–	(31)
Gain on disposal on property, plant and equipment	–	–	–	–	3,506	3,928	7,434	7,434
Loss on written off of property, plant and equipment	–	–	–	–	(929)	(1,041)	(1,970)	(1,970)
Write down of inventories to net realisable value	(768)	–	–	(768)	(17,460)	(19,562)	(37,022)	(37,790)
Reversal of write down of inventories	–	–	–	–	13,591	15,227	28,818	28,818
Provision for impairment on trade receivables	(18,259)	(2,192)	–	(20,451)	(16,167)	(18,056)	(34,223)	(54,674)
Reversal of impairment on trade receivables	–	–	–	–	5,804	6,516	12,320	12,320
Provision for impairment on other receivables	–	(18)	–	(18)	(3,440)	(3,854)	(7,294)	(7,312)
As at 31 December 2014								
Segment assets	157,216	396,231	–	553,447	324,517	375,519	700,036	1,253,483
Segment liabilities	131,584	230,542	–	362,126	120,968	153,274	274,242	636,368

Capital expenditure consists of additions to property, plant and equipment

5. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Segment results, segment assets and liabilities *(Continued)*

For the 12 months ended 30 September 2013

	Continuing operations				Discontinued operations			
	PC steel bar HK$'000	PHC piles and others HK$'000	Elimination HK$'000	Sub-total HK$'000	Electronic components and parts HK$'000 (restated)	Consumer electronic products HK$'000 (restated)	Sub-total HK$'000 (restated)	Total HK$'000 (restated)
Segment revenue								
Revenue from external customers	–	–	–	–	211,999	576,348	788,347	788,347
Reportable segment loss from operations	–	–	–	–	(44,261)	(111,845)	(156,106)	(156,106)
Reconciliation:								
Bank and other interest income				246			13,496	13,742
Other income, gains and losses				(1,295)			4,135	2,840
Finance costs				–			(40,372)	(40,372)
Share of loss of a joint venture				–			(7,561)	(7,561)
Unallocated head office and corporate expenses				(11,856)			(485)	(12,341)
Loss before tax				(12,905)			(186,893)	(199,798)
Other segment information:								
Capital expenditure#	–	–	–	–	(4,229)	(10,752)	(14,981)	(14,981)
Depreciation	–	–	–	–	(25,011)	(62,885)	(87,896)	(87,896)
Amortisation of prepaid land lease payments	–	–	–	–	(531)	(1,327)	(1,858)	(1,858)
Write down of inventories to net realisable value	–	–	–	–	(7,326)	(18,036)	(25,362)	(25,362)
Reversal of write down of inventories	–	–	–	–	10,403	25,997	36,400	36,400
Provision for impairment on trade receivables	–	–	–	–	(3,874)	(9,231)	(13,105)	(13,105)
Reversal of impairment on trade receivables	–	–	–	–	5,856	14,770	20,626	20,626
Provision for impairment on other receivables	–	–	–	–	(580)	(1,449)	(2,029)	(2,029)
As at 30 September 2013								
Segment assets	–	–	–	–	259,336	651,272	910,608	910,608
Segment liabilities	–	–	–	–	71,859	199,351	271,210	271,210

Capital expenditure consists of additions to property, plant and equipment

Notes to the Financial Statements

For the period from 1 October 2013 to 31 December 2014

5. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable assets and liabilities

	31 December 2014			30 September 2013		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000 (restated)	Total HK$'000 (restated)
Assets						
Total reportable segment assets	553,447	700,036	1,253,483	–	910,608	910,608
Available-for-sale financial assets			44,489			2,373
Deferred tax assets			4,220			–
Cash and bank balances			57,645			145,343
Pledged bank deposits			31,556			2,712
Interest in a joint venture			–			2,072
Goodwill			84,421			–
Unallocated head office and corporate assets			182,929			169,116
Consolidated total assets			1,658,743			1,232,224
Liabilities						
Total reportable segment liabilities	362,126	274,242	636,368	–	271,210	271,210
Interest-bearing borrowings			456,430			323,718
Other borrowing			–			154,377
Tax payable			26,561			29,786
Deferred tax liabilities			68,334			59,386
Promissory note			78,559			–
Other payable			129,089			–
Unallocated head office and corporate liabilities			75,509			8,072
Consolidated total liabilities			1,470,850			846,549

5. OPERATING SEGMENT INFORMATION *(Continued)*

(c) Geographical information

The geographical location of revenue information is based on the locations of customers at which the goods delivered.

	Continuing operations		Discontinued operations	
	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000	**Period from 1 October 2013 to 31 December 2014 HK$'000**	Year ended 30 September 2013 HK$'000
Hong Kong	**–**	–	**28,964**	28,926
The PRC	**305,048**	–	**81,077**	172,865
Other Asian countries*	**–**	–	**141,643**	226,253
American countries**	**–**	–	**467,574**	201,599
European countries***	**–**	–	**34,179**	135,363
African countries****	**–**	–	**16,509**	23,341
Consolidated	**305,048**	–	**769,946**	788,347

* Other Asian countries principally included Indonesia, Japan, Korea, Taiwan and Pakistan.

** American countries principally included the United States, Chile, Peru, Argentina, Mexico and Brazil.

*** European countries principally included Poland, Spain, France, Germany and England.

**** African countries principally included Lagos, Nigeria, Kenya and Egypt.

The Group's non-current assets are located in Mainland China, including Hong Kong.

(d) Information about major customers

For the period from 1 October 2013 to 31 December 2014, no customer has contributed 10% or more of the Group's total revenue.

For the year ended 30 September 2013, the Group had transactions with one customer, which contributed over 10% of the Group's revenue. The total revenue earned from this customer amounting to HK$94,783,000.

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for return and trade discounts during the current period.

7. OTHER INCOME

An analysis of the Group's other income from continuing operations is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Other income		
Bank interest income	141	–
Government subsidies	710	–
Dividend income from available-for-sale financial assets	75	244
Sundry income	5,711	2
	6,637	246

8. OTHER GAINS AND LOSSES

An analysis of the Group's other gains and losses from continuing operations is as follows:

	Notes	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Other gains and losses			
Fair value change of other payable		8,943	–
Fair value change of available-for-sale financial assets		(8,615)	
Provision for impairment loss on trade receivables, net		(20,451)	–
Provision for impairment loss on other receivable, net		(18)	–
Write down of inventories to net realisable value		(768)	–
Provision for impairment on goodwill	20	(42,902)	–
Loss on disposal of available-for-sale financial assets		(255)	(1,295)
		(64,066)	(1,295)

9. FINANCE COSTS

An analysis of the Group's finance costs from continuing operations is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Interest on interest-bearing borrowings wholly repayable within five years	**6,674**	–
Imputed interest expenses on other payable	**8,774**	–
Imputed interest expenses on promissory note	**5,234**	–
	20,682	–

10. LOSS BEFORE TAX

(a) Loss before tax from continuing operations is arrived at after charging/(crediting):

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Auditors' remuneration:		
Audit fee	**1,500**	1,259
Non-audit services	**1,700**	–
	3,200	1,259
Amortisation of prepaid land lease payments*	**581**	–
Amortisation of intangible asset#	**31**	–
Cost of inventories sold*	**231,999**	–
Minimum lease payments under operating leases in respect of land and buildings	**121**	–
Employee benefit expenses (including directors' and chief executive's remuneration (note 11)):		
Wages and salaries	**26,127**	5,538
Pension scheme contributions^	**5,929**	45
Reversal of long service payment, net	**(32)**	(19)
Equity-settled share option expenses	**1,619**	1,986
	33,643	7,550

These items are included in "administrative expenses" in the consolidated income statement.

* These items are included in "cost of sales" in the consolidated income statement.

^ As at 31 December 2014, the Group had no forfeited contribution available reduce its contributions to the pension scheme in future years (30 September 2013: Nil).

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the period, disclosed pursuant to the Listing Rules and Section 78(1) of Schedule 11 of the Hong Kong Companies Ordinance (Cap. 622) with reference to Section 161 of the Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Fees	**1,240**	960
Other emoluments:		
Salaries, allowances and benefits in kind	**7,634**	5,717
Pension scheme contributions	**71**	45
Equity-settled share option expenses	**784**	896
Reversal of long service payment	**(34)**	(19)
	8,455	6,639
	9,695	7,599

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 40. The fair value of such options, which had been recognised in the consolidated income statement over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current period is included in the above directors and chief executive's remuneration disclosures.

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

Analysis of directors and chief executive's remuneration on named basis is as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Long service payment HK$'000	Total HK$'000
Period ended 31 December 2014						
Executive directors:						
Ms. Wong King Ching, Helen*	–	3,236	21	224	(3)	3,478
Mr. Leung Chi Fai	120	1,077	21	56	(26)	1,248
Ms. Wong King Man	–	3,003	21	224	(5)	3,243
Mr. Wang Tian (appointed on 2 May 2014)	40	91	5	–	–	136
Mr. Lin Yepan (appointed on 2 May 2014)	40	227	3	–	–	270
	200	7,634	71	504	(34)	8,375
Non-executive directors:						
Mr. Wong Kim Seong (retired on 2 May 2014)	–	–	–	–	–	–
Ms. Wong Chun Ying (retired on 2 May 2014)	140	–	–	224	–	364
	140	–	–	224	–	364
Independent non-executive directors:						
Mr. So Day Wing	300	–	–	56	–	356
Ms. Fong Yin Cheung	300	–	–	–	–	300
Mr. Hung Yat Ming	300	–	–	–	–	300
	900	–	–	56	–	956
	1,240	7,634	71	784	(34)	9,695

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Long service payment HK$'000	Total HK$'000
Year ended 30 September 2013						
Executive directors:						
Ms. Wong King Ching, Helen*	–	2,513	15	224	(17)	2,735
Mr. Leung Chi Fai	–	874	15	56	(1)	944
Ms. Wong King Man	–	2,330	15	224	(1)	2,568
	–	5,717	45	504	(19)	6,247
Non-executive directors:						
Mr. Wong Kim Seong	–	–	–	–	–	–
Ms. Wong Chun Ying	240	–	–	224	–	464
	240	–	–	224	–	464
Independent non-executive directors:						
Mr. So Day Wing	240	–	–	56	–	296
Mr. Wong Kun Kim (retired on 28 February 2013)	100	–	–	56	–	156
Ms. Kan Lai Kuen (retired on 28 February 2013)	100	–	–	56	–	156
Ms. Fong Yin Cheung (appointed on 28 February 2013)	140	–	–	–	–	140
Mr. Hung Yat Ming (appointed on 28 February 2013)	140	–	–	–	–	140
	720	–	–	168	–	888
	960	5,717	45	896	(19)	7,599

* Ms. Wong King Ching, Helen, an executive director of the Company, is also the chief executive officer of the Company.

There was no other emoluments payable to the independent non-executive director during the current period (year ended 30 September 2013: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the current period (year ended 30 September 2013: Nil).

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12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included two directors and chief executive (year ended 30 September 2013: two directors and chief executive), details of whose remuneration are set out in note 11 above. Details of remuneration of the remaining two (year ended 30 September 2013: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Salaries and allowances	**951**	744
Pension scheme contributions	**41**	30
Equity-settled share option expense	**242**	242
Provision of long service payments	**(16)**	(7)
	1,218	1,009

The number of non-director and non-chief executive, highest paid employees whose remuneration fall within the following band is as follows:

	Number of employees	
	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Nil – HK$1,000,000	**2**	2

In prior years, share options were granted to non-directors and non-chief executives, and highest paid employees in respect of their services to the Group, further details of which are set out in note 40. The fair value of such options, which had been recognised in the consolidated income statement over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current period is included in the above non-directors and non-chief executives and highest paid employees' remuneration disclosures.

13. INCOME TAX

No provision for Hong Kong profits tax had been made during the current period (year ended 30 September 2013: Nil) as the Group did not generate any assessable profits arising in Hong Kong. Subsidiaries established in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (year ended 30 September 2013: 25%).

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Current tax – PRC Enterprise		
– Current tax for the year	**8,586**	–
– Over-provision in prior years	**(234)**	–
	8,352	–
Deferred tax (note 32)	**(712)**	–
	7,640	–

A reconciliation of income tax expense and accounting loss at applicable tax rates is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000 (restated)
Loss before tax	**(71,304)**	(12,905)
Notional tax on loss before tax, calculated at the applicable tax rates in respective jurisdictions	**(10,862)**	(2,129)
Tax effect of expenses not deductible for tax purpose	**7,521**	214
Tax effect of income not taxable for tax purpose	**–**	(41)
Tax effect of tax losses and temporary difference not recognised	**11,215**	1,956
Over provision in respect of prior years	**(234)**	–
Income tax expenses	**7,640**	–

No share of tax attributable to the joint venture is included in "Share of loss of a joint venture" on the face of the consolidated income statement (year ended 30 September 2013: Nil).

14. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to the equity holders of the parent for the period from 1 October 2013 to 31 December 2014 included a loss of HK$33,903,000 (year ended 30 September 2013: HK$11,641,000) which has been dealt with in the financial statements of the Company.

A reconciliation of the amount to the Company's loss for the period/year:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Amount of consolidated loss for the period/year attributable to equity holders of the parent dealt with in the financial statements of the Company	**(33,903)**	(11,641)
Impairment loss on amounts due from subsidiaries	**(292,264)**	(24,672)
Company's loss for the period/year	**(326,167)**	(36,313)

15. LOSS PER SHARE

The calculation of basic loss per share amount is based on the loss for the period/year attributable to equity holders of the parent and the weighted average number of ordinary shares in issue throughout the period/year.

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Loss:		
Loss for the period/year attributable to equity holders of the parent used in the basic and diluted loss per share calculation:		
From the continuing operations	**(84,033)**	(12,905)
From the discontinued operations	**(310,372)**	(193,540)
	(394,405)	(206,445)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basis and diluted loss per share	**1,131,686**	1,016,001

For the period ended 31 December 2014 and the year ended 30 September 2013, no adjustment has been made to the basic loss per share amounts presented, as the conversion of the Company's outstanding convertible notes and exercise of outstanding share options had an anti-dilutive effect on the basic loss per share calculation.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
At 30 September 2013 and 1 October 2013								
Cost or valuation	3,290	469,425	88,407	668,204	5,082	1,047	113,802	1,349,257
Accumulated depreciation and impairment	(1,821)	(210,206)	(88,123)	(604,538)	(990)	(1,030)	–	(906,708)
Net carrying amount	1,469	259,219	284	63,666	4,092	17	113,802	442,549
Opening net carrying amount	1,469	259,219	284	63,666	4,092	17	113,802	442,549
Additions	–	–	–	3,508	336	–	19,444	23,288
Disposal/Written off	–	–	–	(4,728)	–	(3)	(8,751)	(13,482)
Transfers	–	111,710	–	–	–	–	(111,710)	–
(Deficit)/surplus on revaluation	–	(12,457)	–	28,924	651	–	–	17,118
Acquisition through business combination (note 41)	–	68,624	–	103,798	4,413	–	302	177,137
Depreciation provided during the period	(54)	(35,158)	(51)	(74,509)	(1,483)	(8)	–	(111,263)
Classified as held-for-sale (note 27)	(1,415)	(324,588)	(233)	(24,714)	(4,051)	(6)	(12,785)	(367,792)
At 31 December 2014, net of accumulated depreciation and impairment	–	67,350	–	95,945	3,958	–	302	167,555
At 31 December 2014								
Cost or revaluation	–	69,025	–	108,887	4,546	–	302	182,760
Accumulated depreciation and impairment	–	(1,675)	–	(12,942)	(588)	–	–	(15,205)
Net carrying amount	–	67,350	–	95,945	3,958	–	302	167,555
Analysis of cost or valuation:								
At cost	–	–	–	–	–	–	302	302
At valuation	–	69,025	–	108,887	4,546	–	–	182,458
	–	69,025	–	108,887	4,546	–	302	182,760

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For the period from 1 October 2013 to 31 December 2014

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold land HK$'000	Buildings HK$'000 (restated)	Leasehold improvements HK$'000 (restated)	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000 (restated)
At 30 September 2012 and 1 October 2012								
Cost or valuation	6,650	451,443	85,655	647,528	7,837	1,046	97,056	1,297,215
Accumulated depreciation and impairment	(3,889)	(178,931)	(85,590)	(557,502)	(1,032)	(1,019)	–	(827,963)
Net carrying amount	2,761	272,512	65	90,026	6,805	27	97,056	469,252
Opening net carrying amount	2,761	272,512	65	90,026	6,805	27	97,056	469,252
Additions	–	–	238	1,128	–	–	13,615	14,981
Surplus/(deficit) on revaluation	–	5,677	–	34,996	(1,870)	–	–	38,803
Depreciation provided during the year	(76)	(22,052)	(19)	(64,785)	(954)	(10)	–	(87,896)
Transfers to investment properties	(1,216)	(4,510)	–	–	–	–	–	(5,726)
Exchange realignment	–	7,592	–	2,301	111	–	3,131	13,135
At 30 September 2013, net of accumulated depreciation and impairment	1,469	259,219	284	63,666	4,092	17	113,802	442,549
At 30 September 2013								
Cost or revaluation	3,290	469,425	88,407	668,204	5,082	1,047	113,802	1,349,257
Accumulated depreciation and impairment	(1,821)	(210,206)	(88,123)	(604,538)	(990)	(1,030)	–	(906,708)
Net carrying amount	1,469	259,219	284	63,666	4,092	17	113,802	442,549
Analysis of cost or valuation:								
At cost	3,290	–	88,407	–	–	1,047	113,802	206,546
At valuation	–	469,425	–	668,204	5,082	–	–	1,142,711
	3,290	469,425	88,407	668,204	5,082	1,047	113,802	1,349,257

As at 31 December 2014, the Group's buildings, plant, machinery and office equipment and motor vehicle were valued by an independent professionally qualified valuer, Peak Vision Appraisals Limited (the "Peak Vision") and Stirling Appraisals Limited (the "Stirling") (30 September 2013: LCH (Asia-Pacific) Surveyors Limited (the "LCH")), which have appropriate qualifications and recent experiences in the valuation of similar assets.

As at 31 December 2014, certain leasehold land and buildings and plant and machinery of the Group with a total carrying value of HK$67,350,000 (30 September 2013: HK$110,653,000) and HK$18,471,000 (30 September 2013: Nil) were pledged to secure banking facilities granted to the Group respectively (note 31).

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2014, if buildings, plant, machinery and office equipment and motor vehicles were measured using the cost model, the carrying amount would be as follows:

	Buildings HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000
Cost	87,678	176,485	13,245
Accumulated depreciation and impairment	(20,328)	(80,539)	(9,287)
Net carrying amount	67,350	95,946	3,958

As at 30 September 2013, if buildings, plant, machinery and office equipment and motor vehicles were measured using the cost model, the carrying amount would be as follows:

	Buildings HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000
Cost	295,835	279,300	10,102
Accumulated depreciation and impairment	(125,641)	(228,767)	(4,614)
Net carrying amount	170,194	50,533	5,488

The net book value of the Group's buildings included above is held under the following lease terms:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)
Hong Kong, held under a medium-term leases	–	6,780
Mainland China, held under a medium-term leases	67,350	252,439
	67,350	259,219

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value measurement of property, plant and equipment

(i) *Fair value hierarchy*

The following table presents the fair value of the Group's property, plant and equipment measured at the end of the reporting period, categorised into three-level fair value hierarchy as defined in HKFRS13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observably and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured suing significant unobservable inputs

	Fair value measurement at 31 December 2014 categorised into		
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements			
Buildings			
Buildings in the PRC	–	–	357,195
Apartments in Hong Kong	–	33,363	–
Car park in Hong Kong	–	1,380	–
	–	34,743	357,195
Plant, machinery and office equipment	–	–	120,660
Motor vehicles	–	–	8,008
	–	34,743	485,863

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value measurement of property, plant and equipment *(Continued)*

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of apartments located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

The fair value of car park located in Hong Kong is determined by using market comparison approach by reference to recent sale price of comparable car park which is publicly available.

(iii) Information about Level 3 fair value measurements

The following table gives information about how the fair value of the Group's buildings, plant, machinery and office equipment and motor vehicle carried at fair value as at 31 December 2014 is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is unobservable.

Properties	Location	Valuation Technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings in the PRC	Zhuhai and Yangjiang	Depreciation replacement cost method	Average construction cost	RMB2,300 to RMB3,150 per square meter	The higher the average construction cost, the higher the fair value
			Depreciated rates	38% to 75%	The higher the depreciated rates, the higher the fair value
Buildings in the PRC	Fujian	Depreciation replacement cost method	Standard construction cost	RMB900 per square meter	The higher the standard construction cost, the higher the fair value
			Depreciated rates	30% to 98%	The higher the depreciated rates, the higher the fair value
Plant, machinery and office equipment	Zhuhai and Yangjiang	Depreciation replacement cost method	Production index	3% to 5.4%	The higher the production index, the higher the fair value
			Depreciated rates	3% to 20%	The higher the depreciated rates, the higher the fair value
Plant, machinery and office equipment	Fujian	Depreciation replacement cost method	Production index	0.5 to 1.08	The higher the production index, the higher the fair value
			Depreciated rates	5% to 95%	The higher the depreciated rates, the higher the fair value
Motor vehicle	Zhuhai and Yangjiang	Market comparison method	Discount on age, condition, functional obsolescence	8% to 14%	The higher the discount, the lower the fair value

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value measurement of property, plant and equipment *(Continued)*

(iii) Information about Level 3 fair value measurements (Continued)

Properties	Location	Valuation Technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Motor vehicle	Fujian	Market comparison method	Discount on age, condition, functional obsolescence	5% to 90%	The higher the discount, the lower the fair value
Motor vehicle	Hong Kong	Market comparison method	Discount on age, condition, functional obsolescence	5% to 65%	The higher the discount, the lower the fair value

The fair value of the buildings located in the PRC as at 31 December 2014 is determined using the depreciated replacement cost approach, in view of the lack of comparable market date of similar buildings in the vicinity where the Group's buildings are situated, based on significant unobservable inputs and is recognised under level 3 of the fair value hierarchy. The key unobservable inputs of the valuation include average construction cost per square meter or standard construction cost per square meter by taking into account of location of the buildings and other individual factors such as size and condition of buildings, structure and layout of the buildings.

The fair value of the plant and machinery and office equipment as at 31 December 2014 is determined using the depreciated replacement cost approach by taking the account of the of functional obsolescence condition and age of assets.

The fair value of motor vehicle as at 31 December 2014 is determined using market comparison approach by reference to the market value of the motor vehicle in its existing use with adjustment for the age, condition and functional obsolescence.

The following table analyses the fair value measurement of buildings, plant, machinery and office equipment and motor vehicles using significant unobservable inputs (Level 3):

	Buildings HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 October 2013	252,439	63,666	4,092	320,197
Additions	–	3,508	336	3,844
Transfers	111,710	–	–	111,710
Disposal/Written off	–	(4,728)	–	(4,728)
(Deficit)/Surplus on revaluation	(13,085)	28,925	651	16,491
Acquired upon business combination	68,624	103,798	4,413	176,835
Depreciation provided during the period	(35,046)	(74,509)	(1,483)	(111,038)
Classified as held-for-sale	(317,292)	(24,715)	(4,051)	(346,058)
	67,350	95,945	3,958	167,253

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value measurement of property, plant and equipment *(Continued)*

(iii) Information about Level 3 fair value measurements (Continued)

The revaluation surplus or deficit of buildings, plant, machinery and office equipment and motor vehicles are recognised in the "revaluation of items of property, plant and equipment, net of tax", on the face of consolidated statement of comprehensive income.

The Group has determined that the highest and best use of the buildings, plant, machinery and office equipment and motor vehicles at the measurement date is held for own use purpose.

17. INVESTMENT PROPERTIES

	As 31 December 2014 HK$'000	As 30 September 2013 HK$'000
Carrying amount at beginning of the period/year	**91,432**	63,770
Transfer from owner-occupied property	**–**	21,510
Fair value adjustment	**(1,155)**	4,164
Classified as held-for-sale (note 27)	**(90,277)**	–
Exchange realignment	**–**	1,988
Carrying amount at end of the period/year	**–**	91,432

As at 30 September 2013, the investment properties with a carrying amount of HK$69,922,000 and HK$21,510,000 are situated in Mainland China and Hong Kong, respectively, and are held under medium term leases.

As at 31 December 2014, the Group's investment properties were revalued by an independent professionally qualified valuer, Stirling (30 September 2013: LCH), which have appropriate qualifications and recent experiences in the valuation of similar assets.

As at 30 September 2013, certain investment properties with an aggregate carrying amount of HK$21,510,000 are pledged to secure bank facilities granted to the Group (note 31).

Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period, categorised into three-level fair value hierarchy as defined in HKFRS13, Fair value measurement.

	Fair value measurement at 31 December 2014 categorised into		
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurements			
Investment properties			
Apartments in Hong Kong	**–**	**20,922**	**–**
Shops in the PRC	**–**	**–**	**69,355**
	–	**20,922**	**69,355**

17. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of investment properties *(Continued)*

(i) Fair value hierarchy (Continued)

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

(iii) Information about Level 3 fair value measurements

The decrease in fair value of investment properties are recognised in the profit or loss under discontinued operations for the period ended 31 December 2014.

The following table gives information about how the fair value of the Group's investment properties carried at fair value as at 31 December 2014 is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is unobservable.

Properties	Location	Valuation Technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops in the PRC	Fujian	Investment method of valuation	Monthly rent	RMB46 per square metre	The higher the rental value, the higher the fair value
			Market yield	4% to 6%	The higher the market yield, the lower the fair value

The fair value of the investment properties located in the PRC as at 31 December 2014 is determined using investment method of valuation, which is based on capitalisation of the net income and with due regards to the reversionary income potential of the property interests.

The following table analyses the fair value measurement of investment properties using significant unobservable inputs (Level 3):

	Shops in the PRC HK$'000
As at 1 October 2013	69,922
Net loss from fair value measurement change	
– Included in "Fair value of investment properties"	(567)
Classified as held-for-sale (note 27)	(69,355)
As at 31 December 2014	–

The group has determined that the highest and best use of the investment properties at the measurement date would be lease out, which does not differ from their actual use.

18. INTANGIBLE ASSETS

	Computer software HK$'000
As at 1 October 2012, 30 September and 1 October 2013	–
Acquired upon business combination (note 41)	111
Amortisation during the period	(31)
As at 31 December 2014	80

The amortisation expense has been included in administrative expenses in the consolidated income statement.

19. PREPAID LAND LEASE PAYMENTS

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Carrying amount at beginning of the period/year	**69,139**	68,967
Acquired upon business combination (note 41)	**35,535**	–
Addition for the period	**7,329**	–
Amortisation during the period/year	**(3,033)**	(1,858)
Classified as held-for-sale (note 27)	**(74,016)**	–
Exchange realignment	**–**	2,030
Carrying amount at end of the period/year	**34,954**	69,139
Current portion included in prepayments, deposits and other receivables	**(737)**	(1,858)
Non-current portion	**34,217**	67,281

The leasehold land is situated in Mainland China and is held under a medium term land use rights. As at 31 December 2014, certain prepaid land lease payments of the Group with a carrying value of HK$34,954,000 (30 September 2013: HK$14,217,000) were pledged to secure banking facilities granted to the Group (note 31).

20. GOODWILL

For the purpose of impairment testing, goodwill has been allocated to two CGUs, comprising a subsidiary in PC steel bars business and a subsidiary in PHC piles and others business. The carrying amount of goodwill as at 31 December 2014 allocated to these units are as follows:

	PC steel bars HK$'000	PHC piles and others HK$'000	Total HK$'000
As at 1 October 2012, 30 September 2013 and 1 October 2013	–	–	–
Arising on business combination (note 41)	42,902	84,421	127,323
Provision for impairment loss	(42,902)	–	(42,902)
As at 31 December 2014	–	84,421	84,421

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

PC steel bars business

As at 31 December 2014, goodwill relating to the PC steel bars business of HK$42,902,000 was fully impaired as the significant losses incurred by this business and all impairment loss on goodwill was charged to the consolidated income statement.

The recoverable amount of this CGU has been determined to be minimum (including working capital) based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by Peak Vision. The calculation uses cash flow projections based on financial budgets approved by management. Cash flow beyond the projection period is extrapolated using an estimated growth rate of 3%. The post-tax rate used to discount the forecast cash flows is 14.48%.

The key basis and assumption used to determine the value assigned to the unoptimistic in the growth of revenue and deteriorate budgeted gross margins is the management's expectation of market development and future performance this CGU. The discount rate used reflects specific risks relating to industries in relation to the respective CGU.

The recoverable amount was based on the fair-value-less-costs-of-disposal calculation determined by income approach using discounted cash flow projections. The fair-value-less-costs-of-disposal is classified as a Level 3 measurement.

PHC piles and others

The recoverable amount of this CGU has been determined, including working capital, based on a fair-value-less-costs-of-disposal calculation determined by income approach using discount cash flow projections with reference to a professional valuation performed by Peak Vision. That calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a three year period. Cash flow beyond the projection period is extrapolated using an estimated growth rate of 3%. The post-tax rate used to discount the forecast cash flows is 14.48%.

The key basis and assumption used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the CGU and the discount rate used reflects specific risks relating to industries in relation to the CGU.

The recoverable amount was based on the fair-value-less-costs-of-disposal calculation determined by income approach using discounted cash flow projections. The fair-value-less-costs-of-disposal is classified as a Level 3 fair value measurement.

21. INTEREST IN A JOINT VENTURE

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Share of net assets	**–**	2,072

Particulars of a joint venture are as follows:

Name of entity	Place of incorporation	Class of share held	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities and place of operation
Taiwan Communication (Fujian) company Limited	PRC	Registered capital of USD10,000,000	40%	–	40%	Manufacture and trading of telecommunication products

As at 31 December 2014, interest in a joint venture was classified as held-for-sale.

The movement in provision for impairment on interest in a joint venture is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Balance at beginning of the period/year	**–**	–
Impairment losses recognised	**1,274**	–
Classified as liabilities held-for-sale	**(1,274)**	–
Balance at end of the period/year	**–**	–

As at 31 December 2014, a joint venture incurred a loss continually for recent year. Management of the Group carried out review on impairment on the carrying amount of its interest in a joint venture individually as a single asset. In determining the value in use of the investments, the Group estimated the present value of the estimated future cash flows expected to arise from the operations of the investments and from the ultimate disposal, by using discount rate of 12.6% to the cash flow projections. Management consider that the recoverable amount is significantly lower than its carrying amount. Accordingly, impairment losses of HK$1,274,000 was charged to consolidated income statement.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Listed equity security in Hong Kong, at fair value	**1,037**	2,373
Profit guarantee, at fair value	**43,452**	–
	44,489	2,373

During the current period, the net gain in respect of the Group's available-for-sale financial assets of listed equity securities in Hong Kong recognised in other comprehensive income amounted to HK$149,000 (year ended 30 September 2013: gain of HK$2,246,000), of which HK$255,000 (year ended 30 September 2013: HK$1,295,000) was reclassified from other comprehensive income to the consolidated income statement.

The above investment consists of investment in listed equity security which was designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The profit guarantee was obtained from the business combination in favour of the Group and the vendors guaranteed the audited after-tax net profit of Joint Expert for each of the financial year ended 31 December 2014 and financial years ending 31 December 2015 and 2016 with the net profit shall not be less than RMB30 million (the "Guaranteed Profit"). If the Guaranteed Profit could not be achieved, the Company could receive the deficient amount, which is equal to the difference between the guaranteed profit and the audited after-tax net profit, in cash. The convertible note with nominal value of HK$100 million as mentioned in note 38 is collateral to the performance of profit guarantee. In the event that the vendors default in paying the deficient amount, the Group has the right to deduct the deficient amount from the pledged convertible notes.

The fair value of the profit guarantee of HK$52,067,000 was estimated by applying the income approach, that the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the profit guarantee. The fair value estimated are based on a discount rate of 17.17% and assumed probability-adjusted profit of Joint Expert of HK$9,515,000 and HK$19,041,000. This is a Level 3 fair value measurement. The key unobservable assumptions in calculating this profit are:

Assumption	**Input**
Sales (HK$'000)	452,982
Growth rate (%)	20%

As at 31 December 2014, there was a decrease of HK$8,615,000 recognised in the consolidated income statement for the profit guarantee, as the assumed probability-adjusted profit in Joint Export was recalculated to be HK$56,786,000 to HK$80,325,000. This is Level 3 fair value measurement. The key unobservable assumptions in calculating profit are:

Assumption	**Input**
Sales (HK$'000)	554,563
Growth rate (%)	13%

Significant increase in sale and growth rate of Joint Expert would result in the lower fair value of the profit guarantee.

Assuming all other variables are held constants if increase/decrease in growth rate by 1.5% each year would decrease/increase the asset by a HK$237,000.

23. INVENTORIES

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Raw materials	**6,165**	119,579
Packing materials	**808**	–
Work in progress	**–**	60,213
Finished goods	**15,262**	71,348
	22,235	251,140

As at 31 December 2014, certain inventories of the Group with carrying value of HK$10,122,000 (30 September 2013: Nil) were pledged for secure banking facilities granted to the Group (note 31).

24. TRADE AND BILL RECEIVABLES

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Trade receivables, gross	**193,874**	226,296
Less: provision for impairment	**(27,322)**	(20,818)
Trade receivables, net	**166,552**	205,478
Bill receivables	**5,044**	–
	171,596	205,478

(a) Ageing analysis

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three (30 September 2013: three) months from the date of billing, except for certain well-established customers, where the terms are extended to six months. The Group seeks to maintain strict control over its receivables to minimise credit risk. Trade receivables are non-interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Within 3 months	**111,978**	100,757
4 to 6 months	**26,053**	75,475
Over 6 months	**28,521**	29,246
	166,552	205,478

24. TRADE AND BILL RECEIVABLES *(Continued)*

(b) Impairment of trade receivables

The movement in provision for impairment of trade receivables are as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Balance at beginning of the period/year	**20,818**	41,057
Acquired upon business combination (note 41)	**6,871**	–
Impairment losses recognised	**54,674**	13,105
Impairment losses reversed	**(12,320)**	(20,626)
Amount written off as uncollectible	**–**	(13,615)
Classified as assets held-for-sale	**(42,721)**	–
Exchange realignment	**–**	897
Balance at end of the period/year	**27,322**	20,818

Included in the above provision for impairment losses is a provision for individually impaired trade receivables of HK$27,322,000 (year ended 30 September 2013: HK$20,818,000) with an aggregate balance before provision of HK$29,484,000 (year ended 30 September 2013: HK$20,818,000) that are considered irrecoverable by management after consideration of the credit quality of those individual customers' the ongoing relationship with the Group and the ageing of those receivables. The Group does not hold any collateral over these balances.

(c) Trade and bill receivables that are not impaired

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Neither past due nor impaired	**50,212**	43,452
Within 3 months past due	**66,025**	57,305
4 to 6 months past due	**22,134**	75,475
Over 6 months past due	**26,019**	29,246
	164,390	205,478

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, the directors of the Company are of the opinion that no provision for impairment 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.

24. TRADE AND BILL RECEIVABLES *(Continued)*

(d) Transferred financial assets that are not derecognised in their entirety

As at 31 December 2014, the Group endorsed certain bill receivables accepted by banks in the PRC (the "endorsed bills") with a carrying amount of HK$5,044,000 (30 September 2013: Nil) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such endorsed bills, and accordingly, it continued to recognise the full carrying amounts of the endorsed bills and the associated trade payables settled. Subsequent to the endorsement, the Group did not retain any rights on the use of the endorsed bills, including the sale, transfer or pledge of the endorsed bills to any other third parties. The aggregate carrying amount of the trade payables settled by the endorsed bills during the year to which the suppliers have recourse was HK$5,044,000 (30 September 2013: Nil) as at 31 December 2014.

(e) Transferred financial assets that are derecognised in their entirety

As at 31 December 2014, the Group, endorsed certain bill receivables accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK$12,161,000 (30 September 2013: Nil). The derecognised bills had a maturity of one to five months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right of recourse against the Group if the PRC banks default (the "continuing involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the derecognised bills and the associated trade payables. The maximum exposure to loss from the Group's continuing involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the derecognised bills are not significant.

During the period ended 31 December 2014, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the continuing involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

(f) Trade and bill receivables that are pledged

As at 31 December 2014, certain trade and bill receivables with a total carrying value of HK$5,044,000 (30 September 2013: Nil) were pledged to secure banking facilities granted to the Group (Note 31).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000	**As at 31 December 2014 HK$'000**	As at 30 September 2013 HK$'000
Prepayments	**78,786**	3,885	**345**	–
Deposits paid (note (a))	**5,917**	5,032	**–**	–
Other receivables	**58,371**	21,440	**–**	22
Less: Provision for impairment (note (b))	**(10,402)**	(9,244)	**–**	–
	132,672	21,113	**345**	22

Notes:

(a) As at 31 December 2014, certain deposit of the Group with carrying value of HK$5,424,000 (30 September 2013: HK$ Nil) were pledged to secure banking facilities granted to the Group (note 31).

(b) Provision for impairment on other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly.

The movement in provision for impairment on prepayments, deposits and other receivables are as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Balance at beginning of the period/year	**9,244**	12,796
Acquired upon business combination (note 41)	**10,384**	–
Impairment losses recognised	**7,312**	2,029
Amount written off as uncollectible	**–**	(5,760)
Classified as held-for-sale assets	**(16,538)**	–
Exchange realignment	**–**	179
Balance at end of the period/year	**10,402**	9,244

As at 31 December 2014, the Group's other receivables with carrying amount before provision of HK$10,402,000 (year ended 30 September 2013: HK$9,244,000) were individually determined to be fully impaired. The individually impaired receivables related to debtors that were in financial difficulties and overdue for more than one year and management assessed that the recoverability of these receivables is in doubt.

Prepayment, deposits and other receivables, net of allowance of doubtful debts, are expected to be recovered or recognised as expense within one year.

26. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

(a) Cash and bank balances

	The Group		The Company	
	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000	**As at 31 December 2014 HK$'000**	As at 30 September 2013 HK$'000
Cash and bank balances	**20,529**	145,343	**5,417**	544
Less: Non-pledged bank deposits with original maturity of over three months and within one year when acquired	**(12,610)**	(78,887)	**–**	–
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**7,919**	66,456	**5,417**	544

As at 31 December 2014, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$15,091,000 (30 September 2013: HK$126,811,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earn interest at floating rates based on daily bank deposits rates.

(b) Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

27. DISCONTINUED OPERATIONS

On 17 November 2014, the Group entered into a sale and purchase agreement with Feng Hao Holdings Limited (the "Purchaser"), pursuant to which, the Group agrees to dispose its 100% entire interests in Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited and its subsidiaries (collectively referred to the "Disposal Group") at a consideration of HK$180,000,000. On 15 December 2014, the Group and the Purchaser have agreed to enter into the supplemental Agreement to increase the consideration to HK$300,000,000. The Disposal Group was engaged in the design, development, manufacture and sale of a wide range of electronics and related components and parts and consumer electronic products in the PRC. The disposal of the Disposal Group was completed on 30 January 2015. As at 31 December 2014, the Disposal Group were classified as a disposal group held for sale and presented as a discontinued operations. The results and net cash flows of the Disposal Group were as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Revenue	**769,946**	788,347
Expenses	**(1,075,465)**	(975,240)
Loss before tax	**(305,519)**	(186,893)
Income tax expense	**(4,853)**	(6,647)
Loss after tax of discontinued operations	**(310,372)**	(193,540)
Loss on remeasurement to fair value less costs to sell	**–**	–
Loss for the period/year from discontinued operations	**(310,372)**	(193,540)
Operating cash inflows/(outflows)	**15,636**	(108,070)
Investing cash (outflows)/inflows	**(53,472)**	75,692
Financing cash outflows	**(23,482)**	(169,921)
Net cash outflows	**(61,318)**	(202,299)

27. DISCONTINUED OPERATIONS *(Continued)*

As at 31 December 2014, the following major classes of assets and liabilities relating to the Disposal Group have been classified as held-for-sale in the Group's consolidated statement of financial position.

	Notes	HK$'000
Assets		
Property, plant and machinery	16	367,792
Investment properties	17	90,277
Prepaid land lease payments	19	74,016
Inventories		163,144
Trade receivables		141,631
Prepayments, deposits and other receivables		37,153
Pledged bank deposits		31,556
Cash and bank balances		52,227
Other assets		729
Total assets classified as held-for-sale		958,525
Liabilities		
Trade and other payables		274,250
Interest-bearing borrowings		456,430
Deferred tax liabilities	32	62,118
Provision for income tax		26,561
Amount due to a director		72,094
Other current liabilities		682
Total liabilities classified as held-for-sale		892,135
Foreign exchange translation		249,710
Surplus on revaluation of property, plant and equipment		179,070
Statutory reserve		12,928
Contributed surplus		56,284
Cumulative income recognised in other comprehensive income relating to the Disposal Group as held-for-sale		497,992
Analysis of balances of cash and cash equivalents:		
Cash and bank balances attributable discontinued operations		52,227
Less: Bank deposits with original maturity over 3 months		(3,245)
Cash and cash equivalents attributable to discontinued operations		48,982

Notes to the Financial Statements

For the period from 1 October 2013 to 31 December 2014

28. TRADE AND BILL PAYABLES

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Trade payables	68,768	121,330
Bill payables	36,063	–
	104,831	121,330

The ageing analysis of the trade payables (based on invoice date) at the reporting date is as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Within 3 months	43,461	71,656
4 to 6 months	7,993	34,910
7 to 12 months	9,044	7,683
Over 1 year	8,270	7,081
	68,768	121,330

The trade payables are non-interest bearing and the average credit terms received from suppliers of the Group is 30 days (2013: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

29. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	The Group		The Company	
	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Other payables and accruals	19,976	142,511	4,237	1,310
Deposits received from customers	8,900	7,027	–	–
	28,876	149,538	4,237	1,310

30. AMOUNTS DUE FROM A JOINT VENTURE/DUE TO A DIRECTOR AND A NON-CONTROLLING SHAREHOLDER

The balances are unsecured, interest-free and repayable on demand.

31. INTEREST-BEARING BORROWINGS

	Maturity	**As at 31 December 2014 HK$'000**	Maturity	As at 30 September 2013 HK$'000
Bank loans, secured	**2015–2016**	**141,219**	2014	198,608
Bank loans, unsecured	**–**	**–**	2014	125,110
Trust receipt loans, secured	**–**	**–**	2014	1,817
		141,219		325,535

The current and non-current bank loans were scheduled to repay as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Analysed into:		
On demand or within one year	**112,216**	325,535
More than one year, but not exceeding two years	**29,003**	–
	141,219	325,535

Included in the Group's borrowings as at 31 December 2014 are variable-rate of HK$114,109,000 (30 September 2013: HK$113,056,000), which carry interest at interest rate set by The People's Bank of China plus certain basis points and thus are subject to cash flow interest risk. As at 31 December 2014, the Group's fixed-rate bank borrowings of HK$27,110,000 (30 September 2013: HK$212,479,000) and from 7.56% to 18% (30 September 2013: from 2.75% to 6.9%) per annum.

31. INTEREST-BEARING BORROWINGS *(Continued)*

The range of interest rates per annum at the end of the reporting period on the borrowings of the Group was as follows:

	As at 31 December 2014 %	As at 30 September 2013 %
Variable-rate borrowings		
Banks borrowings	**2.16–11.04**	2.39–7.08
Fixed-rate borrowings		
Banks borrowings	**7.56-18**	6–6.9
Trust receipt loans	**–**	2.75

The amounts due are based on the scheduled repayment dates set out in the loan agreements and no repayment on demand clause contained.

The Group pledged certain assets to secure the banking facilities and bank borrowings. The carrying values of these pledged assets at the end of the reporting period were as follows:

	Notes	**As at 31 December 2014 HK$'000**	As at 30 September 2013 HK$'000 (restated)
Bank deposits	26(b)	**7,485**	2,712
Trade receivables	24(f)	**5,044**	–
Other receivables	25(a)	**5,424**	–
Inventories	23	**10,122**	–
Investment properties	17	**–**	21,510
Leasehold land and building	16	**67,350**	110,653
Plant and machinery	16	**18,471**	–
Prepaid lease payments	19	**34,954**	14,217

Certain of the Group's borrowings are secured by corporate guarantee executed by the Company and the subsidiary companies within the Group; also personal guarantee executed by the Company's directors; and guarantee executed by non-controlling shareholders (note 45(c)).

32. DEFERRED TAX

The movement in deferred income tax assets and liabilities during the period/year is as follows:

Deferred tax liabilities	**Fair value changes of investment property** HK$'000	**Revaluation of property, plant and machinery** HK$'000 (restated)	**Total** HK$'000 (restated)
As at 1 October 2012	6,416	41,632	48,048
Charged to the consolidated income statement	945	–	945
Charged to other comprehensive income	–	9,708	9,708
Exchange differences	206	479	685
As at 30 September 2013 and 1 October 2013	7,567	51,819	59,386
Addition upon business combination (note 41)	–	5,390	5,390
Credited to the consolidated income statement	(142)	(519)	(661)
Charged to other comprehensive income	–	4,219	4,219
Classified as liabilities held-for-sale (note 27)	(7,425)	(54,693)	(62,118)
As at 31 December 2014	–	6,216	6,216

Deferred tax assets	**Unrealised profit on intercompany transaction** HK$'000	**Provision for impairment on trade receivables** HK$'000	**Provision for impairment on inventories** HK$'000	**Provision for impairment on other receivables** HK$'000	**Total** HK$'000
As at 1 October 2012 and at 30 September 2013 and 1 October 2013	–	–	–	–	–
Acquired upon business combination (note 41)	264	1,702	38	2,023	4,027
Charged/credited to the consolidated income statement	(264)	452	–	5	193
As at 31 December 2014	–	2,154	38	2,028	4,220

32. DEFERRED TAX *(Continued)*

As at 31 December 2014, the Group had tax losses arising in Hong Kong of HK$24,996,000 (30 September 2013: HK$67,892,000) that are available indefinitely for offsetting against future taxable profits of companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2014, there was no significant unrecognised deferred tax liabilities (30 September 2013: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group controls the dividend policy of these subsidiaries and it has been determined that no dividend will be distributed by these subsidiaries in the foreseeable future.

33. PROVISION FOR LONG SERVICE PAYMENT

The Group

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Balance at beginning of the period/year	**689**	742
Reversal of provision	**(88)**	(53)
Classified as liabilities held-for-sale	**(391)**	–
Balance at end of the period/year	**210**	689

The Company

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Balance at beginning of the period/ year	**242**	261
Reversal of provision	**(32)**	(19)
Balance at end of the period/year	**210**	242

34. OTHER BORROWING

As at 30 September 2013, the other borrowing is unsecured, non-interest-bearing and repayable over one year and the balance was repaid.

35. OTHER PAYABLE

On 2 May 2014, the Company issued HK$150,000,000 post-dated cheque in connection with the acquisition of Joint Expert as stated in note 41. The post-dated cheque will be matured on 2 November 2015. At the issued date, the fair value of post-dated cheque is HK$129,258,000 by applying the discounted cash flow at a discount rate of 10.40%. On 2 December 2014, the Group revised the repayment term of the post-dated cheque and reassessed the fair value and the fair value change of HK$8,943,000 was recognised as other gains and losses in the consolidated income statement.

The movement in the other payable during the period is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000
As at 1 October 2012, 30 September 2013 and 1 October 2013	**–**
Arising on business combination (note 41)	**129,258**
Charged to consolidated income statement:	
– imputed interest expenses (note 9)	**8,774**
– fair value change (note 8)	**(8,943)**
As at 31 December 2014	**129,089**

36. PROMISSORY NOTE

On 2 May 2014, the Company issued HK$100,000,000 promissory note in connection with the acquisition of Joint Expert as stated in note 41. The promissory note will be matured on 2 May 2017. The promissory note carried zero interest rate per annum. The Company may, at its option, make early repayment before the maturity date without penalty.

The movement in the promissory note during the period is as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000
As at 1 October 2012, 30 September 2013 and 1 October 2013	**–**
Arising on business combination (note 41)	**73,325**
Imputed interest expenses (note 9)	**5,234**
As at 31 December 2014	**78,559**

37. SHARE CAPITAL

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000

	Number of ordinary shares of HK$0.1 each	Amount HK$'000
Issued and fully paid:		
As at 1 October 2012, 30 September 2013 and 1 October 2013	1,016,001,301	101,600
Share option exercised (note (a))	18,300,000	1,830
Issue of shares (note (b))	399,999,998	40,000
As at 31 December 2014	1,434,301,299	143,430

Notes:

(a) During the period ended 31 December 2014, share option exercised resulted in 18,300,000 shares being issued at a weighted average price HK$0.19 per share. The related weighted average share price at the time of exercise was HK$0.37 per share.

(b) During the period ended 31 December 2014, convertible notes of the Company with an aggregate principal amount of approximately HK$120,000,000 were converted into 399,999,998 shares of the Company of HK$0.1 per share at a conversion price of HK$0.3 per share (note 38). These shares rank pari passu in all respects with other shares in issue.

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets. Details of the Company's share option scheme and the share options issued under the scheme are included in note 40.

38. CONVERTIBLE NOTES

On 2 May 2014, the Company issued the convertible notes with an aggregate amount of HK$300,000,000 in connection with the acquisition of Joint Expert as stated in note 41. The convertible notes are denominated in Hong Kong dollars. The convertible notes carried zero interest rate per annum and will be matured on 28 April 2017.

The convertible note holders are entitled to convert the convertible notes into ordinary shares of the Company at an initial conversion price of HK$0.3 per conversion share (subject to the normal adjustments pursuant to the terms and conditions of the convertible notes) at any time during the period commencing from the date of issuance of the convertible notes to the maturity date. On maturity date, any convertible notes not being redeemed or converted shall be automatically converted into conversion shares at the conversion price subject to compliance with the listing rules.

38. CONVERTIBLE NOTES *(Continued)*

The Company has the right to early redeem the convertible notes before the maturity date.

As the convertible notes have no contracted obligation to repay its principal nor to pay any distributions, they do not meet the definition of classification of financial liabilities under HKAS 32. As a result, the whole instrument is classified as equity.

The movement in the equity component of the convertible notes is as follows:

	HK$'000
As at 1 October 2012, 30 September 2013 and 1 October 2013	
At date of issuance	**125,992**
Conversion of convertible notes into ordinary shares	
– Transfer to share capital (note 37 (b))	**(40,000)**
– Transfer to share premium	**(10,397)**
As at 31 December 2014	**75,595**

39. RESERVES

The Group

(a) *Share premium account and capital redemption reserve*
The application of the share premium account and capital redemption reserve are governed by Section 40 of the Companies Act 1981 of Bermuda ("Companies Act").

(b) *Contributed surplus*
The contributed surplus of the Group represents the difference between the aggregate of the nominal values of the shares of the subsidiaries acquired at the date of acquisition, over the nominal value of the shares of the Company issued in exchange thereof and issued on incorporation.

In addition to the retained earning, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

39. RESERVES *(Continued)*

The Group *(Continued)*

(c) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of shares issuable under unexercised share options granted to participants recognised in accordance with accounting policy set out in note 3.3.

(d) Asset revaluation reserve

The asset revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for property, plant and equipment in note 3.3.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3.3.

(f) PRC statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the subsidiaries established in Mainland China, it is required to appropriate 10% of the profit arrived at in accordance with the PRC accounting standards for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital of the respective entity. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in-capital.

(g) Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 3.3.

39. RESERVES *(Continued)*

The Company

Details of movements in the Company's reserves are as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
As at 1 October 2012	177,325	118,377	509	5,951	272	56,215	358,649
Loss for the period	–	–	–	–	–	(36,313)	(36,313)
Available-for-sale financial assets:							
Change in fair value	–	–	–	–	951	–	951
Reclassification adjustment for loss on disposal included in the consolidated income statement (note 22)	–	–	–	–	1,295	–	1,295
Total comprehensive income for the year	–	–	–	–	2,246	(36,313)	(34,067)
Equity-settled share option arrangement	–	–	–	1,986	–	–	1,986
Share options lapsed	–	–	–	(1,012)	–	1,012	–
As at 1 October 2013	177,325	118,377	509	6,925	2,518	20,914	326,568
Loss for the period	–	–	–	–	–	(326,167)	(326,167)
Other comprehensive income:							
Available-for-sale financial assets:					–	–	–
Change in fair value	–	–	–	–	(106)	–	(106)
Reclassification adjustment for loss on disposal included in the consolidated income statement (note 22)	–	–	–	–	255	–	255
Total comprehensive income for the period	–	–	–	–	149	(326,167)	(326,018)
Conversion of convertible notes (note 38)	10,397	–	–	–	–	–	10,397
Exercise of share options	3,697	–	–	(2,049)	–	–	1,648
Equity-settled share option arrangement	–	–	–	1,619	–	–	1,619
Share options lapsed	–	–	–	(784)	–	784	–
As at 31 December 2014	**191,419**	**118,377**	**509**	**5,711**	**2,667**	**(304,469)**	**14,214**

40. SHARE OPTION SCHEME

(a) Share Option Scheme adopted on 25 February 2003 (the "Option Scheme")

The Option Scheme was adopted on 25 February 2003. The purpose of the Option Scheme is to provide incentives and rewards to the eligible participants who contribute to the Group, and to enable the Group to recruit and retain high calibre professionals, executives and employees who are instrumental to the growth of the Group. Eligible participants of the Option Scheme include the directors (including executive directors and non-executive directors), employees of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group, joint venture partner or business alliance of the Group and shareholders of the Group. The Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from the date of the offer for grant of the option.

The maximum numbers of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be granted under the Option Scheme and other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares of the Group in issue as at the date of adopting the Option Scheme, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted under the Option Scheme and other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company.

Share options granted under the Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non – executive directors of the Company (excluding any independent non-executive director who is also a grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non – executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in general meeting of the Company.

A share option may be accepted by a participant within 21 days from the date of the offer of the option. The exercise period of the share options granted is determinable by the directors in accordance with the terms of the Option Scheme, and commences from the date of acceptance of the offer of the share options and ends on a date which is not later than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of the Company, but must not be less than the higher of (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets on the date of the offer, which must be a business day; (2) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer, which must be a business day; and (3) the nominal value of the Company's shares. A nominal consideration of HK$1 is payable on acceptance of the offer of an option. Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

Each option gives the holder the right to subscribe for one ordinary share in the Company.

40. SHARE OPTION SCHEME *(Continued)*

(a) Share Option Scheme adopted on 25 February 2003 (the "Option Scheme") *(Continued)*

On 2 November 2009, the Company granted options to certain directors and employees of the Group to subscribe for a total of 90,600,000 ordinary shares of HK$0.1 per share each on or before 1 November 2019. At 31 December 2014, the number of shares in respect of which options had been granted under the Option Scheme was 51,000,000 (30 September 2013: 76,300,000), representing 3.7% (30 September 2013: 7.5%) of the shares of the Company in issue at that date. The options outstanding had a weighted average remaining contractual life of 5 years (30 September 2013: 6.1 years).

The following table discloses movement of the Company's share options under the Option Scheme held by employees and directors during the year:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	Outstanding at 1 October 2012	Lapsed during the year	Outstanding at 1 October 2013	Lapsed during the period	Exercised during the period	Outstanding at 31 December 2014
Executive Directors	2.11.2009	Immediate	2.11.2009–1.11.2019	0.19	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2009–1.11.2010	2.11.2010–1.11.2019	0.19	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2010–1.11.2011	2.11.2011–1.11.2019	0.19	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2011–1.11.2012	2.11.2012–1.11.2019	0.19	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2002–1.11.2013	2.11.2013–1.11.2019	0.19	4,500,000	–	4,500,000	–	–	4,500,000
Non-Executive Director	2.11.2009	Immediate	2.11.2009–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2009–1.11.2010	2.11.2010–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2010–1.11.2011	2.11.2011–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2011–1.11.2012	2.11.2012–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2002–1.11.2013	2.11.2013–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
Independent Non-Executive Director	2.11.2009	Immediate	2.11.2009–1.11.2019	0.19	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2009–1.11.2010	2.11.2010–1.11.2019	0.19	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2010–1.11.2011	2.11.2011–1.11.2019	0.19	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2011–1.11.2012	2.11.2012–1.11.2019	0.19	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2002–1.11.2013	2.11.2013–1.11.2019	0.19	1,500,000	(1,000,000)	500,000	–	–	500,000
Associate of a Director	2.11.2009	Immediate	2.11.2009–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2009–1.11.2010	2.11.2010–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2010–1.11.2011	2.11.2011–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2011–1.11.2012	2.11.2012–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2002–1.11.2013	2.11.2013–1.11.2019	0.19	2,000,000	–	2,000,000	–	–	2,000,000
Employees	2.11.2009	Immediate	2.11.2009–1.11.2019	0.19	7,720,000	(2,260,000)	5,460,000	(1,400,000)	(3,660,000)	400,000
		2.11.2009–1.11.2010	2.11.2010–1.11.2019	0.19	7,720,000	(2,260,000)	5,460,000	(1,400,000)	(3,660,000)	400,000
		2.11.2010–1.11.2011	2.11.2011–1.11.2019	0.19	7,720,000	(2,260,000)	5,460,000	(1,400,000)	(3,660,000)	400,000
		2.11.2011–1.11.2012	2.11.2012–1.11.2019	0.19	7,720,000	(2,260,000)	5,460,000	(1,400,000)	(3,660,000)	400,000
		2.11.2002–1.11.2013	2.11.2013–1.11.2019	0.19	7,720,000	(2,260,000)	5,460,000	(1,400,000)	(3,660,000)	400,000
					88,600,000	(12,300,000)	76,300,000	(7,000,000)	(18,300,000)	51,000,000

40. SHARE OPTION SCHEME *(Continued)*

(a) Share Option Scheme adopted on 25 February 2003 (the "Option Scheme") *(Continued)*

The share options were granted on 2 November 2009. The closing price of the Company's shares immediately before the date of grant of the options was HK$0.19 and the estimated fair values of the shares under options at the date of grant ranged from HK$0.1114 to HK$0.1124 per share. These fair values were calculated using the Binomial Option Pricing Model after taking into account the different vesting periods. The assumptions used for the calculation are as follows:

Inputs into the model

Closing share price at date of grant	HK$0.19
Exercise price	HK$0.19
Expected volatility	85.93%
Expected option life	5 years
Expected dividend yield	3.3%
Risk-free interest rate	1.7%

The variables and assumptions used above are based on the best estimate of an independent firm of professional valuer, LCH (Asia-Pacific) Surveyors Limited. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

No share option has been exercised for the year ended 30 September 2013.

During the period ended 31 December 2014, the Group recognised equity-settled share option expense of HK$1,619,000 (year ended 30 September 2013: HK$1,986,000) in relation to the share options granted by the Company.

41. BUSINESS COMBINATION

On 2 May 2014, the Group acquired a 100% equity interest in Joint Expert and its subsidiaries from an independent third party at a consideration of HK$550,000,000 (the "Acquisition").

This subsidiaries of Joint Expert are as follows:

	Percentage of ownership interest acquired by the Company
Royal Asia International Limited	100%
Zhuhai Hoston Special Materials Co., Ltd. ("Zhuhai Hoston")	95%
Guangdong Hengjia Building Materials Co., Ltd. ("Guangdong Hengjia")	66.5%

Upon completion of the Acquisition, Joint Expert became indirectly wholly-owned by the Company and the sole director of Joint Expert is a director of the Company, as such the Company has a right to control Joint Expert; as a result, the Acquisition was treated as a business combination under HKFRS 3 (Revised) *Business Combinations*.

The principal activities of Joint Expert are Construction Material Business as defined in note 1 of these consolidated financial statements. The acquisition was made with the aims to diversify the Group's business.

41. BUSINESS COMBINATION *(Continued)*

The fair value of identifiable assets and liabilities of Joint Expert at the date of acquisition were:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	16	**177,137**
Land use rights	19	**35,535**
Intangible assets	18	**111**
Deferred tax assets	32	**4,027**
Inventories		**39,036**
Trade and bill receivables (note (a))		**142,374**
Prepayment, deposit and other receivables (note (a))		**150,026**
Pledged bank deposit		**5,773**
Cash and bank balances		**5,095**
Interest-bearing borrowings		**(123,176)**
Trade and bill payables		**(105,512)**
Other payables, accruals and deposit received		**(41,747)**
Amount due to a non-controlling shareholder		**(71,194)**
Tax payable		**(15,514)**
Deferred tax liabilities	32	**(5,390)**
Non-controlling interests (note (b))		**(47,396)**
		149,185
Goodwill arising on acquisition	20	**127,323**
		276,508
Satisfied by:		
Other payable	35	**129,258**
Promissory note	36	**73,325**
Convertible notes	38	**125,992**
Profit guarantee		**(52,067)**
		276,508

	HK$'000
Net cash inflow arising on acquisition:	
Cash consideration paid (note (c))	**–**
Cash and bank balances	**5,095**
	5,095

Notes:

(a) The fair value of trade and bill receivables and prepayment, deposit and other receivables are HK$142,374,000 and HK$150,026,000 respectively. The gross contractual amount of trade and bill receivables and prepayment, deposit and other receivables due in HK$149,245,000 and HK$160,410,000 respectively, of which HK$6,871,000 and HK$10,384,000 are expected to be uncollectible respectively.

(b) The measurement basis for that amount is at the non-controlling interest's proportionate share of the fair value of identifiable assets and liabilities of Joint Expert and its subsidiaries.

(c) None of the cash consideration was paid as at 31 December 2014. Originally, the cash consideration will be due on 1 November 2015. On 2 December 2014, the Company and the seller agreed to delay the settlement to 30 June 2016.

41. BUSINESS COMBINATION *(Continued)*

The above consideration transferred includes a performance-based contingent consideration. Details of the valuation process and valuation technique are disclosed on note 22.

Since the acquisition date, the operation of Joint Expert has contributed HK$305,048,000 and HK$810,000 to Group's revenue and net loss. If the acquisition had occurred on 1 October 2013, the Group revenue and profit from continuing operations would have been HK$602,955,000 and HK$81,008,000 respectively.

The acquisition-related costs of HK$3,890,000 have been expensed and are included in administrative expenses in the consolidated income statements.

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

As at 30 September 2013, the Group leases its investment property under operating lease arrangements, with leases negotiated for terms of ranging from one to two years with an option to renew the lease after that date at which time all terms are renegotiated.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)
Within one year	**–**	1,306
In the second to fifth year, inclusive	**–**	2,676
	–	3,982

(b) As lessee

The Group leases certain of its leasehold land and buildings under operating lease arrangements. Leases for leasehold land and buildings are negotiated for terms ranging from of one (30 September 2013: one to three) years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Within one year	**101**	1,113
In the second to fifth year, inclusive	**–**	958
	101	2,071

43. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**2,735**	1,897
Acquisition of land use right	**9,726**	–
	12,461	1,897

44. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements are as follows:

The Company

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary	**100,000**	28,000

The Company had given corporate guarantees to banks in connection with banking facilities granted by the banks to a subsidiary. At the end of the reporting period, such facilities were drawn down by the subsidiary to extent of HK$62,339,000 (30 September 2013: HK$6,468,000). The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiary of HK$62,339,000 (30 September 2013: HK$6,468,000).

45. RELATED PARTY TRANSACTIONS

Details of transactions between the Group and other related parties, save as disclosed elsewhere in the consolidated financial statements, are as follows:

(a) **Outstanding balances with related parties**

The amounts due to a director, a related party and non-controlling shareholder are unsecured, interest-free and repayable on demand.

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Amount due to a non-controlling shareholder of a subsidiary	**80,399**	–
Amount due to a director	**–**	5,908
Amount due to a related party*	**–**	28,295
	80,399	34,203

* As at 30 September 2013, included in other payables was an amount of HK$28,295,000 advanced from Eagerton Group Limited, which has a common director with the Company to finance daily operation of the Group.

45. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

The directors of the Company are the key management personnel of the Group. Details of the directors' emoluments during the period/financial year are as follows:

	Period from 1 October 2013 to 31 December 2014 HK$'000	Year ended 30 September 2013 HK$'000
Fees	**1,240**	960
Salaries and allowances	**7,634**	5,717
Reversal of long service payment	**(34)**	(19)
Pension scheme contributions	**71**	45
Equity-settled share-based payments	**784**	896
	9,695	7,599

(c) Guarantees provided by related parties

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Guarantees of interest-bearing borrowings provided by:		
Directors	**103,389**	274,267
Non-controlling shareholders of subsidiaries	**53,908**	–

46. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the current period and prior years.

The capital structure of the Group consists of debts (which include borrowings) and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2014 and 30 September 2013 was as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000 (restated)
Debt (note (a))	**578,715**	846,549
Equity (note (b))	**187,853**	385,675
Debt to equity ratio	**308%**	219%

46. CAPITAL RISK MANAGEMENT *(Continued)*

Notes:

(a) Debt comprises the current liabilities and non-current liabilities from continuing operations.

(b) Equity includes all capital, reserves and retained profits of the Group.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments:

	The Group		**The Company**	
	As at 31 December 2014	As at 30 September 2013	**As at 31 December 2014**	As at 30 September 2013 (restated)
Financial assets				
Available-for-sale financial assets:				
Listed equity securities	**1,037**	2,373	**1,037**	2,373
Profit guarantee	**43,452**	–	**43,452**	–
Loans and receivables:				
Trade and bill receivables	**171,596**	205,478	**–**	22
Deposits and other receivables	**61,941**	17,222	**–**	–
Amounts due from subsidiaries	**–**	–	**–**	308,206
Pledged bank deposits	**7,485**	2,712	**–**	–
Bank and bank balances	**20,529**	145,343	**5,417**	544
	306,040	373,128	**49,906**	311,145
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and bill payables	**104,831**	121,330	**–**	–
Other payables and accruals	**149,065**	142,511	**133,326**	1,310
Amount due to a subsidiary	**–**	–	**2**	2
Amount due to a non-controlling shareholder	**80,399**	–	**–**	–
Amount due to a director	**–**	5,908	**–**	–
Interest-bearing and other borrowings	**141,219**	479,912	**–**	–
Promissory note	**78,559**	–	**78,559**	–
Provision for long service payment	**210**	689	**210**	242
	554,283	750,350	**212,097**	1,554

The Group is exposed to a variety of financial risks including foreign currency risk, interest rate risk and other price risks, credit risk and liquidity risk, which result from both its operating and financing activities.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Foreign currency risk

The Group's businesses are principally conducted in Hong Kong and the PRC. The majority of assets and liabilities are denominated in HK$, RMB, the United States dollars ("US$") and Japanese Yen ("JPY").

(i) Exposure to currency risk

Certain trade and bills receivables, other receivables, cash and bank balances, pledged time deposits, trade and bills payables and interest-bearing borrowings of the Group are denominated in currencies other than the functional currency of the group entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Net monetary liabilities		
RMB	**86,061**	420,039
JPY	**–**	2,078

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax (and accumulated losses) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	Decrease in profit after tax and accumulated loss	
	31 December 2014 HK$'000	30 September 2013 HK$'000
Functional currency appreciated by 5% (30 September 2013: 5%)		
RMB	**213**	15,665

A 5% depreciation in the functional currencies of the Company and the respective group companies against respective foreign currencies would have the same magnitude on profit but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

No sensitivity analysis for the Group's exposure to currency risk arising from financial assets and liabilities denominated in Japanese Yen is prepared since the directors considered that the impact is insignificant. In addition, the Group's exposure to currency risk arising from US$ against HK$ is also considered by the directors as insignificant since HK$ is pegged to US$. Accordingly, no sensitivity analysis has been prepared.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and also by way of forward currency contracts where necessary.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 31 for details of these borrowings).

(i) Interest rate profile

The following table details the interest rate profile of the Group's variable-rate borrowings at the end of the reporting period:

	31 December 2014		30 September 2013	
	Contractual interest rate (%)	**HK$'000**	Contractual interest rate (%)	HK$'000
Variable rate borrowings:				
Bank loans	**2.16–11.04**	**114,109**	2.39–7.08	113,056

The Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measure in future as may be necessary.

(ii) Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both bank deposits and borrowings at the end of the reporting period. For bank deposits and variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding and the bank deposits at the end of the reporting period were outstanding for the whole year. A 50 basis points increase/decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points increase/decrease and all other variables were held constant, the Group's loss and accumulated loss after tax would increase/decrease by HK$478,000 (year ended 30 September 2013: HK$424,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rate.

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 variable rate interest bearing financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis was performed on the same basis for the prior year.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Other price risks

The Group is exposed to equity price risk arising from available-for-sale investment. Management manages this exposure by closely monitor with the price risk and will consider hedging the risk exposure should the need arise. Management's best estimate of the effect on the Group's loss after tax and other components of equity due to a reasonably possible change in the relevant underlying stock price, with all other variables held constant, at the end of the reporting period is as follows (the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	31 December 2014		30 September 2013	
	Decrease/ (increase) in loss after tax and accumulated loss HK$'000	**Increase/ (decrease) in available-for-sale financial assets revaluation reserve HK$'000**	Decrease/ (increase) in loss after tax and accumulated loss HK$'000	Increase/ (decrease) in available-for-sale financial assets revaluation reserve HK$'000
Underlying stock price				
+10%	**–**	**104**	–	237
–10%	**–**	**(104)**	–	(237)

(d) Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has to determine the 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 Group's credit risk is significantly reduced.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. Concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2014, 11% (30 September 2013: 13%) of the total trade receivables was due from the Group's largest customer.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 24.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(e) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2014				30 September 2013			
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Within 1 year or on demand HK$'000 (restated)	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000
Trade and bill payables	104,831	–	–	104,831	101,250	–	–	101,250
Other payables and accruals	29,087	–	–	29,087	142,958	242	–	143,200
Amount due to a director	–	–	–	–	5,908	–	–	5,908
Amount due to a non-interest interest of a subsidiary	80,399	–	–	80,399	–	–	–	–
Interest-bearing borrowings	116,560	29,848	–	146,408	336,278	–	–	336,278
Other borrowing	–	–	–	–	–	154,377	–	154,377
Other payable	–	150,000	–	150,000	–	–	–	–
Promissory note	–	–	100,000	100,000	–	–	–	–
	330,877	179,848	100,000	610,725	586,394	154,619	–	741,013

As explained in note 2.1 to the consolidated financial statements, the directors have adopted or plan to adopt certain measures in order to improve the Group's financial and cash flow positions and to maintain the Group's as a going concern.

(f) Fair value measurement

The following table provides an analysis of financial instruments that are measured at fair value at the end of the reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is unobservable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(f) Fair value measurement *(Continued)*

	31 December 2014			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial Assets				
Available-for-sale financial assets				
– Listed equity securities	1,037	–	–	1,037
– Profit guarantee	–	–	43,452	43,452
	1,037	–	43,452	44,489

There was no transfer between instruments in Level 1 and Level 2, any transfer in, out of level 3 during the current period and prior year.

(g) Fair values of financial instruments carried at other than fair value

Except for the available-for-sale financial assets, the Group classifies all its financial assets and financial liabilities as loans and receivables and financial liabilities at amortised cost respectively.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amounts at 31 December 2014	Fair value at 31 December 2014	Fair value measurement as at 31 December 2014 categorised into		
			Level 1	Level 2	Level 3
Interest-bearing borrowings	141,219	136,846	–	136,846	–

The fair value of interest-bearing borrowings are classified as level 2 fair value measurement by estimating the present values of future cash flows, discounted at interest rates based on the annum interest rate quoted by the People's Bank of China as at the end of the reporting period adjusted for the Group's own credit risk.

48. INTERESTS IN SUBSIDIARIES

	The Company	
	As at 31 December 2014 HK$'000	As at 30 September 2013 HK$'000
Unlisted investment, at cost	**395,085**	118,577
Amounts due from subsidiaries	**368,067**	384,009
Less: provision for impairment	**(368,067)**	(75,803)
	–	308,206
Amount due to a subsidiary	**(2)**	(2)

48. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries are as follows:

Name	Country/Place of incorporation/ establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Sunway International (BVI) Holdings Limited	The British Virgin Islands (the "BVI")	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Kenko International Company Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Trading of electronic products
Regal Honour Industrial Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Trading of computer and electronic products
Guidy International Limited	Hong Kong	3 ordinary shares and 6,500 non-voting deferred shares*	100%	–	100%	Trading of electronic products
Sungo Holding Company Limited	Hong Kong	3 ordinary shares and 6,500,000 non-voting deferred shares*	100%	–	100%	Trading of electronic products
Xinwei Electronic Industrial Co., Ltd., Fujian**	PRC	HK$183,655,813	100%	–	100%	Manufacture and trading of electronic products
Sunway Information Technology Company Limited	The BVI	1 ordinary share of US$1	100%	–	100%	Investment holding
Putian Sunyee LCD Technology Co., Ltd.	PRC	HK$90,000,000	100%	–	100%	Manufacture of liquid crystal display products
Sunway Macao Commercial Offshore Company Limited	Macau	100,000 ordinary shares of MOP1 each	100%	–	100%	Trading of electronic products
Joint Expert Global Limited	The BVI	1 ordinary of US$1	100% (31 December 2013: nil)	–	100% (31 December 2013: nil)	Investment holding
Royal Asia International Limited	Hong Kong	1,000,000 ordinary shares	100% (31 December 2013: nil)	–	100% (31 December 2013: nil)	Investment holding
Zhuhai Hoston Special Materials Co., Ltd.	PRC	HK$58,469,497	95% (31 December 2013: nil)	–	95% (31 December 2013: nil)	Manufacturing and trading of PC bar, steel stand wires, various pre-stressed materials and their respective production equipment, and industrial and building pre-stressed materials.

48. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Country/Place of incorporation/ establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Guangdong Hengjia	PRC	HK$58,665,800	66.5% (31 December 2013: nil)	–	66.5% (31 December 2013: nil)	Manufacturing and trading of PHC piles, ready-mixed concrete, sand lime bricks, aerated concrete products and eco-permeable concrete products.

* The holders of the non-voting deferred shares are not entitled to any dividend, have no right to vote at general meetings, and only carry the right to receive the nominal amount paid-up or credited as paid-up on the non-voting deferred shares in a return of capital on liquidation after the holders of ordinary shares have received the sum of HK$1,000,000,000 per ordinary share.

** The subsidiaries are registered as wholly-foreign-owned enterprises under the PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

49. NON-CONTROLLING INTERESTS

The following table list out the information relating to Zhuhai Hoston and Guangdong Hengjia, the subsidiaries of the Group which has material non-controlling interests (the "NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	Zhuhai Hoston HK$'000	**Guangdong Hengjia** HK$'000
NCI percentage	5%	33.5%
Current assets	126,803	225,040
Non-current assets	75,608	185,300
Current liabilities	(132,788)	(201,693)
Non-current liabilities	(31)	(35,189)
Net assets	69,592	173,458
Carrying amount of NCI	1,456	52,029
Revenue	61,105	243,943
(Loss)/Profit for the year	(20,544)	20,973
Total comprehensive income	(20,912)	24,008
Profit allocated to NCI	(1,046)	8,043
Operating cash (outflows)/inflows	(8,204)	2,131
Investing cash (outflows)/inflows	(2,450)	497
Financing cash inflows/(outflows)	23,718	(5,675)
Net cash inflows/(outflows)	13,064	(3,047)

Notes to the Financial Statements

For the period from 1 October 2013 to 31 December 2014

50. EVENTS AFTER THE REPORTING PERIOD

(a) Disposal of subsidiaries

According to the circular of the Company dated 30 January 2015, all conditions precedent of the Disposal under the sale and purchase agreement have been fulfilled and the Disposal was completed, details of which are included in note 27 to the financial statements. Upon Completion, the Company no longer holds any equity interest in the Disposal Group, and all companies of the Disposal Group cease to be subsidiaries of the Company.

According to the carrying amount of the identifiable assets and liabilities of the Disposal Group as at 31 December 2014, it is expected that a gain of approximately HK$233,606,000 will be realised from the Disposal.

(b) Litigation

Zhuhai Hoston was in default of its repayment on certain note payables amounting to HK$11,879,000 (equivalent to RMB9,420,000) (the "Note Payables"). In March 2015, a bank filed a lawsuit in Zhuhai Xiangzhou People's Court (珠海市香洲區人民法院) against Zhuhai Hoston to demand immediate repayment of the Note Payables and related interest charges amounting to HK$5,900,000 (equivalent to RMB4,679,000).

In addition, a creditor filed a lawsuit in Zhuhai Doumen People's Court (珠海市斗門區人民法院) against Zhuhai Hoston to demand immediate repayment of overdue certain construction service fee and related interest charges of HK$1,999,000 (equivalent to RMB1,585,000).

The Group is currently in the process of negotiating with the bank and creditor to renew or roll over the abovementioned payables.

Save as disclosed above, there are no other material events subsequent to the fifteen months ended 31 December 2014.

51. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

52. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 24 April 2015.

Particulars of Investment Properties

31 December 2014

Description	Group interest	Use	Tenure
Portions of Level 1, 2 and 3 No. 808 Wenxian Xi Road Chengxiang District Putian City Fujian Province The PRC	100%	Commercial	Medium term lease
Room 1705–1706A Nan Fung Centre 264–298 Castle Peak Road Tsuen Wan New Territories Hong Kong	100%	Commercial	Medium term lease