Annual Report 2010

Sandmartin International Holdings Limited
聖馬丁國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 00482

Contents

Corporate Information

DIRECTORS

Executive directors

Mr. Hung Tsung Chin *(Chairman)*
Ms. Chen Mei Huei *(Chief Executive Officer)*
Mr. Wang Yao Chu
Mr. Liao Wen I

Independent non-executive directors

Mr. Hsu Chun Yi
Mr. Tsan Wen Nan
Mr. Lee Chien Kuo

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton, HM 11, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 19/F., China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central, Hong Kong

COMPANY SECRETARY

Ms. Mak Po Man Cherie, *CPA, FCCA*

LEGAL ADVISORS

Sidley Austin

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

AUDIT COMMITTEE

Mr. Hsu Chun Yi *(Chairman)*
Mr. Tsan Wen Nan
Mr. Lee Chien Kuo

REMUNERATION COMMITTEE

Mr, Hung Tsung Chin *(Chairman)*
Mr. Hsu Chun Yi
Mr. Tsan Wen Nan

NOMINATION COMMITTEE

Mr, Hung Tsung Chin *(Chairman)*
Mr. Hsu Chun Yi
Mr. Tsan Wen Nan

PRINCIPAL BANKERS

Bank SinoPac
Standard Chartered Bank (Hong Kong) Limited
Chinatrust Commercial Bank, Limited
Industrial and Commercial Bank of China (Asia) Limited

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

In Taiwan
Grand Cathay Securities Corporation
5F., No. 2, Section 1,
Chongqing South Road,
Zhongzheng District,
Taipei City 100, Taiwan (R.O.C.)

In Bermuda
HSBC Bank Bermuda Limited
Bank of Bermuda Building
6 Front Street, Hamilton, HM11, Bermuda

WEBSITE

www.sandmartin.com.hk

STOCK CODE

Hong Kong 00482
Taiwan 910482

EXECUTIVE DIRECTORS

Mr. Hung Tsung Chin, aged 49, the husband of Ms. Chen Mei Huei, is the founder and the Chairman of the Group. Mr. Hung founded the Group in November 1989 and is responsible for the Group's overall management, strategic planning and development, and formulation of company policies and business strategy. Mr. Hung has over 20 years of management experience in the electronics manufacturing industry. Mr. Hung obtained a bachelor degree in business administration from National Chengchi University in Taiwan.

Ms. Chen Mei Huei, aged 48, the wife of Mr. Hung Tsung Chin, is a co-founder of the Group since November 1989. Ms. Chen is the Chief Executive Officer of the Group, responsible for the overall management of the Group including all overseas offices. Ms. Chen has been actively engaged in the sales and marketing development of the Group in Taiwan and the international markets for more than 20 years and has particular focus on new customers and new market development in recent years. Ms. Chen graduated from Tamkang University in Taiwan with a bachelor degree in Spanish Literature.

Mr. Wang Yao Chu, aged 47, is a co-founder of the Group since November 1989 and is currently responsible for the overall management of the Group's fibre optic division and finance department. Mr. Wang has been engaged in the management of the Group's operations in the People's Republic of China (the "PRC") since 1991. Mr. Wang has over 20 years of management experience in the electronics manufacturing industry. Mr. Wang graduated from National Chengchi University in Taiwan with a bachelor degree in business administration.

Mr. Liao Wen I, aged 42, is a co-founder of the Group since November 1989 and is responsible for the management of the Group's manufacturing operations and corporate affairs in the PRC. Mr. Liao studied electronic device maintenance in a technical college in Taiwan. Mr. Liao has over 20 years of experience in the cable and connector industries, including 18 years of management experience in the manufacturing operations in the PRC. Mr. Liao is currently a vice-chairman of (Zhong Shan) Taiwan Business Investors Social Association.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hsu Chun Yi, aged 48, is an independent non-executive director from October 2004. Mr. Hsu has a bachelor degree in public administration from Tunghai University in Taiwan and a master degree in international management studies from the University of Texas at Dallas of the United States of America (the "US"). Mr. Hsu is currently an executive director of United Capital Management Limited, a venture investment company based in Taiwan. Prior to that, Mr. Hsu was an associate vice president of China Development Industrial Bank, one of the largest institutional investors in Taiwan, where he gained over ten years' experience in the finance industry. Mr. Hsu is also a supervisor of two listed companies in Taiwan.

Mr. Tsan Wen Nan, aged 47, is an independent non-executive director from October 2004. Mr. Tsan holds a bachelor degree in electrical engineering and a doctor degree in information management from National Central University, and a Master of Business Administration from National Chengchi University in Taiwan. Mr. Tsan has over 21 years' experience in the information technology industry. Mr. Tsan is now the general director of Market Intelligence Center of Institute for Information Industry, a semi-governmental organization in Taiwan.

Directors and Senior Management

Mr. Lee Chien Kuo (also known as Thomas Lee), aged 46, is an independent non-executive director from February 2009. Mr. Lee has over 18 years of experience in the private equity industry. He graduated with a degree of Industrial Management from the National Taiwan University of Science and Technology (formerly known as National Taiwan Institute of Technology) and a Master of Business Administration degree from the National Sun Yat-Sen University in Taiwan. Mr. Lee is a managing director of Sinovo Growth Capital Management Co. Ltd., and a vice president of Chinalliance Holding Ltd., both are venture capital companies. Prior to that, Mr. Lee worked as an associate vice president with China Development Industrial Bank, a direct investment bank in Taiwan, where he had gained nearly 13 years of direct investment and corporate finance related experience.

SENIOR MANAGEMENT

Mr. Su Jow Shi, aged 47, is the Deputy General Manager of the Group's digital TV division, responsible for manufacturing operations. Mr. Su graduated from the San Diego State University in the US where he earned a Master of Public Administration degree. Mr. Su joined the Group in September 1995.

Mr. Hsiao Yu Jung, aged 45, is the Deputy General Manager of the Group's cable division responsible for the procurement, manufacturing and development of the Group's cable products. Mr. Hsiao obtained a diploma in mechanical design engineering from the National Formosa University in Taiwan. Mr. Hsiao joined the Group in July 2002.

Mr. Carlos Domingo Bujosa, aged 46, is the Chief Executive Officer of BCN Distribuciones, S.A. ("BCN"). Mr. Domingo Bujosa's family founded the business of BCN in 1965 and he has over 24 years of management experience in the production and marketing of telecommunications products in Europe. After the acquisition of BCN by the Group in January 2006, Mr. Domingo Bujosa is responsible for the overall operations of BCN, as well as the technology and marketing strategy development.

Mr. Frank Fischer, aged 50, is the Chief Technology Officer of the Group. He joined the Group in January 2008 and is responsible for the technical strategy of the Group and is leading and coordinating the research and development activities in China, Germany, Spain and the US. Mr. Fischer has more than 22 years experience in hardware and software development for consumer electronic products in Europe and has been involved in Digital TV technologies since the beginning of Digital Video Broadcasting Project (DVB) in 1994. He graduated as diploma degree engineer for automation technology and cybernetics from the Technical University Leipzig in Germany.

Mr. Sven Willig, aged 37, is the General Manager of Intelligent Digital Services GmbH ("IDS"). Mr. Willig has joined the Group since 2005 and is currently responsible for hardware and software development and sales of Digital Video Broadcasting Products. He has over 10 years of management experience in the development and quality control of digital television technologies.

Ms. Su Wan Ling (also named Mrs. Julia Swen), aged 45, the Managing Director of TRT Business Network Solutions, Inc. ("TRT"). Ms. Su has been working in our Group since 2007 and is responsible for promoting the cable products and digitial televison products in the market of United States of America. She has graduated at University of California, San Diego and holds a bachelor degree in biochemistry; and holds a master degree in environmental science from University of California, Davis. Ms Su has over 15 years of experience in research of biotechnology field and business management.

BUSINESS REVIEW

Looking back at the year ended June 30, 2010 (the "Year"), under the adverse global economic environment, the Group encountered both competition and challenges from its relevant industries globally. Not only was the Group not being affected, however, we were able to grasp the global momentum and opportunities and diverted into new business arena successfully, expanded the Group's global business presence and established our long-term and reliable strategic partnership. The main reasons for the Group's success to achieve such remarkable achievements are as follows:

1. Stable and diversified product supply chain

The Group provides comprehensive product chain and relevant services to our customers. We provide different types of media entertainment platform relevant products with comprehensive specifications, ranges from low price basic types to high-end luxury ones. We also provide customized services to meet any requirements of our customers. Apart from the media entertainment platform relevant products, the Group also provides various CATV/SATV products related to television, such as LNBs, Amplifiers, Splitters, Taps, Modulators, Outlet boxes and a full series of cables and connectors. With our all-round and comprehensive products and services, complimented with our stringent quality testing and inspection, the reputation and creditability of the Group have completely earned the trust of our customers and established a positive corporate image in our expansion into potential markets.

2. Trend analysis of global digitalization

With limited spectrum resources and increasing demand for higher video quality, digitalization of television system has become an irreversible trend. Although the retreating schedule of analog channels for every country is different, it is clear to state that analog television will become a name in world history by not later than 2015. With the issuance of channel licences in different countries, all the governments are striving to promote and subsidize broadcasting system. Also, to ensure in maintaining existing markets and customers, operators have no choice but to implement digitalized system upgrade. Therefore, as the Group can provide comprehensive product support and customer services and is able to replace in full the television receptor of broadcasting system and ancillaries, with the continuous increase in global demand and sales of television receptors at a rate of 5% to 10% per annum, the operating policies of the Group are fully in line with global trend and market demand.

3. Research and development and technology integration

Our professional research and development team is equipped with high capability in hardware integration and software development. Hardware products include integrated master chip, circuit design and testing, new module development and switching power supply design, etc. Software products include control and design of low-mode BIOS, firmware module development, middleware design and etc. Our outstanding hardware and software design teams provide tremendous flexibility for our customers, able to satisfy their needs, and keep on upgrading the functions of new products. For existing products, our aims are to reduce costs and shorten production time. For example, development of new integrated circuit board, reduction in size of circuit board and number of laminas could reduce power dissipation and lower the cost of circuit board. We even try to utilize the laminas of circuit board to achieve ensuring data transmission reliability.

4. Ensure customer profitability

Apart from advertising revenues, television system operators must also ensure that there is no illegal reception by subscribers. In order to ensure customer profitability, the Group has provided comprehensive services for the integration of CA system. We have already obtained user licenses and certificates from overseas renowned CA systems and in terms of copyright protection, the levels of security provided by the Group are well recognized by international organizations. Many of our CA systems are applicable to use in different countries under different broadcasting system standards. We also provide various decryption designs and services, allowing operators to provide more quality encrypted programs to their legally authorized subscribers, giving a win-win situation in all aspects.

5. Self-contained overseas production lines, highly automated mainland China factory

With the Group's continuous globalization development, in order to cater for the changing markets conditions and grasp the momentum of overseas local markets more precisely and swiftly, the Group actively plans to set up its overseas production lines in North Africa, East Africa and South America so as to adjust and improve our products according to local market demands in a timely manner. Overseas local product lines could shorten the transportation time of products, save transportation costs, lower import charge, and enhance product competitiveness and market shares. The Group co-operates strategically with overseas qualified famous brands, captures and leads the local markets by leveraging on their strong marketing channels. At the same time, with the international view and scientific view of the management of the Group, our outstanding development team and professional marketing team, the Group actively plans to establish its own brand to gain recognition and leading position in overseas local markets through applying brand strategy, leading industrial technology and high quality affordable products.

The factory in mainland China remains the foundation of the Group. The Group has all along been devoting itself to improve production automation and reduce the proportion in manual operation. We purchased large quantities of advanced production equipments and testing instruments of all kinds, such as high-tech SMT machine, automatic AI machine, wave welder, spectrum analyzer and network analyzer. The highly automated production mode for the production lines have effectively reduced our demand for labour, lowered our production costs, improved our production capacity and efficiency and minimized the pitfalls due to reliance on labour production, thereby ensuring our quality. Given the nationwide labour shortage in mainland China since the fourth quarter of 2009, however, the Group was nearly not affected.

6. System integration team

Our outstanding system integration team is led by our Senior Product Managers from Germany who are well conversant to the different broadcasting systems standards around the world. With this, we are able to customize comprehensive operation solution to fulfill the operating needs of different customers. The solution ranges from program signal origin, passing through the front-end receiving transmission system at different sectors, to reaching our end-users, and fulfills customer needs completely. The above includes the most advanced Terrestrial Broadcasting Television System II or the Simultaneous Encryption of Front-end Scrambling System, No-module Scrambling System and even the different added-value services like the Push Video-On-Demand System and Pay-Per-Time Receiving System.

In view of the above, the Group's excellent results during the year were not by chance. Our totally-equipped team is always ready to face different kinds of competition and challenges.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 13.3% from HK$1,377.2 million for the year ended June 30, 2009 to HK$1,560.7 million for the year ended June 30, 2010. The increase in turnover in current year was mainly driven by the steady growth of orders from the customers upon the recovery of the global economy.

Gross profit and gross profit margin

As a result of the increase in sales volume, the gross profit increased by HK$112.5 million or 46.2% to HK$355.9 million for the year ended June 30, 2010 (2009: HK$243.4 million).

Gross profit margin has been pushed up to 22.8% for the Year (2009: 17.7%). The increase in gross profit margin was mainly resulted from the growth of sales in high-definition products which generated higher gross profit margin and decrease in production costs by improving the production line automation.

Segment information

The growth of Group's turnover was primarily due to the rapid expansion of the Group's core business, sales of media entertainment platform related products, which grew to HK$1,116.8 million for the year ended June 30, 2010 (2009: HK$883.8 million).

The turnover of sales from other multimedia products for the Year maintained at HK$443.9 million (2009: HK$493.4 million). The major products in this segment are cables and connectors, being components for audio and video electronic products.

Revenue by geographic markets

	Middle East	Europe	North America	Africa	South America	Asia	Other regions	Total
Revenue for the Year (HK$m)	643.6	340.5	214.0	69.6	126.0	165.2	1.8	1,560.7
% of Group's revenue	41.2	21.8	13.7	4.5	8.1	10.6	0.1	100
% growth (decline) from last year	30.6	(13.5)	(13.6)	(34.9)	62.0	198.8	(37.1)	13.3

Operating results

The Group's profit for the Year attributable to owners of the Company increased by 184.8% to HK$91.7 million (2009: HK$32.2 million).

The Group's operating expenses increased by 24.4% to HK$255.9 million for the Year (2009: 205.8 million).

Distribution and selling costs representing 3.9% (2009: 4.1%) of the Group's revenue increased in line with the improved revenue.

Administrative expenses increased by 25.1% to HK$142.3 million for the Year (2009: HK$113.7 million), mainly resulting from an increase in salaries as the salary level increased.

Research and development costs increased by 45.4% to HK$52.2 million for the Year (2009: HK$35.9 million) because of enhancement of research and development competence.

Income tax expense

During the Year, income tax expense of the Group amounted to HK$6.3 million (2009: HK$1.1 million) mainly because of the significant increase in net profit before tax.

Capital structure

On December 18, 2009, the Company was listed in Taiwan Stock Exchange for the issuance of Taiwan Depositary Receipts (the "TDR"). The ordinary shares of the Company are the underlying securities of the TDR. One ordinary share represents one unit of TDR. A total TDR of 148 million units was issued which included 108 million new shares at an aggregate nominal value of HK$10.8 million, which was allotted and issued by the Company under the general mandate granted to Directors at the annual general meeting of the Company held on December 3, 2009; and 40 million existing shares to be offered by three shareholders.

The issue structure of 148 million units of TDR comprised (a) an offer of 1,000 units of TDR for subscription by Securities and Futures Investors Protection Center pursuant to the applicable securities laws in Taiwan; (b) an offer of an aggregate of 18,250,000 units of TDR for subscription by the Underwriters; (c) an offer of an aggregate of 12,975,000 units of TDR for application for subscription by the public in Taiwan; and (d) an offer of an aggregate of 116,774,000 units of TDR for subscription by selected institutional and individual investors in Taiwan through book building process.

The offer price of TDR is NT$8.00 (equivalent to HK$1.92) per unit, representing a discount of approximately 9.86% to the closing price of HK$2.13 per share quoted on the Hong Kong Stock Exchange on December 10, 2009, being the day prior to signing of the Underwriting Agreement. In the view of the positive conditions of the stock market, the Directors, including the independent non-executive Directors, consider that the TDR issue represents an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

The net proceeds of TDR issue, after deduction of underwriting fees and expenses, amounted to approximately HK$203 million, which represents the net price raised per share approximately HK$1.88 per share. The Company intends to use these proceeds for the research and development of the integrated system, capital expenditure and general working capital.

In addition, the Group's sources of financing included bank borrowings which denominated in Euros at prevailing interest rates.

Working capital efficiency

The average inventory turnover days for the year ended June 30, 2010 and 2009 were 77 days and 89 days respectively.

The average trade receivables turnover days for the year ended June 30, 2010 and 2009 were 47 days and 47 days respectively.

The average trade payables turnover days for the year ended June 30, 2010 and 2009 were 79 days and 75 days respectively.

Liquidity and financial resources

At June 30, 2010, our cash and cash equivalent balances totaled HK$477.2 million compared with HK$173.3 million at June 30, 2009, of which 66.6% (2009: 67.3%) was denominated in US dollars, 15.1% (2009: 13.4%) in Euros, 14.6% (2009: 12.9%) in Renminbi, 2.8% (2009: 5.6%) in Hong Kong dollars, and 0.9% (2009: 0.8%) in other currencies.

The Group's current ratio (ratio of current assets to current liabilities) was 2.2 at June 30, 2010 and 1.8 at June 30, 2009.

As at June 30, 2010, the Group's total borrowings were HK$83.4 million (2009: HK$101.2 million) that denominated mainly in Euro at the prevailing interest rate. The Group has always pursued a prudent treasury management policy and maintains a strong liquidity position to ensure that it can cope with daily operations, capital expenditure needs and future business expansion.

At June 30, 2010, the Group's outstanding borrowings primarily consist of trust receipt loans of HK$7.4 million, finance leases of HK$0.8 million, and other bank loans of HK$75.2 million whereas HK$66.7 million were repayable within one year. The Group's borrowings as at June 30, 2010 were denominated in Euros and Renminbi of 99.0% and 1.0% respectively (2009: 99.2% and 0.8% respectively). The gearing ratio (total borrowings over total assets of the Group) was significantly reduced to 6.3% at June 30, 2010 from 10.9% at June 30, 2009.

Charges on assets

As at June 30, 2010, the Group's general banking facilities were secured by the following assets of the Group: (i) bank deposits of HK$1.4 million, (ii) buildings with a carrying value of HK$2.0 million, and (iii) prepaid lease payments of HK$7.7 million.

Contingent liabilities

The Group did not have any significant contingent liabilities at June 30, 2010 (2009: Nil).

PROSPECTS

With digital television becoming more and more popular in PRC market, the PRC terrestrial digital broadcasting television business is growing rapidly with the huge market potential driving the whole digital broadcasting television related sector. Since the beginning of 2010, the Group began to formulate the layout of PRC market aggressively and develop the digitalized STB in accordance with the new standards of PRC terrestrial digital broadcasting television. By leveraging on its excellent signal source compression and signal demodulation technology and low-cost and high-efficiency research and development, the Group could provide the most cost-effective coordinated solutions and advanced and flexible high-security CA system technology for the whole system. Currently, the Group is co-operating with a well-known broadcasting system operator in PRC, and plans to establish its presence into the huge PRC market.

The Group is not only the designer and manufacturer of professional digital signal head-end equipments, transmission equipments, modulating equipments and terminal receiving equipments. In Latin America and Africa, the Group has obtained great success in co-operating with many local system operators to provide comprehensive system integration business and advanced CA system technology.

Being participated in the huge PRC market, the Group's strategy is to transform gradually from the designer and manufacturer role to become a digital broadcasting platform operator, content provider and system integration expert, so as to extend system integration business to content services.

The Group will focus on the establishment of its special and important presence in PRC market by its exclusive operation certification and local advantages, and promote the self researched and developed security CA system and technology in new markets to gain good reputation in building up its own brand.

The Group will form strategic alliances with technological co-operation partners, renowned CA system providers, platform operators, and multi-system operators.

Looking forward, with the successful operation in PRC market, the Group expects the total revenue from all the regions in China would become an important part of the Group's total revenue in next five years. Our business mode will be transformed from ODM manufacturer to system operator, content provider and system integration expert, to establish the media business and build up our own brand and so on, so as to maintain and strengthen the global competitiveness of the Group and to enhance our leading position.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK3.0 cents per share for the year ended June 30, 2010 (2009: HK1.6 cents). This dividend is subject to the approval of shareholders at the annual general meeting on December 6, 2010.

EMPLOYEES

As at June 30, 2010, the Group employed a total of 3,866 (2009: 3,518) full-time employees. Employees are remunerated accordingly to their performance and responsibilities and the total employee benefit expenses, excluding directors, for the Year amounted to HK$191.4 million (2009: HK$158.0 million). Other employee benefits include, inter alias, share option scheme, provident fund, insurance and medical coverage.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The directors of the Company (the "Directors") believe that good corporate governance provides a framework and platform that is essential for and advantageous to effective management and successful business growth. The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and where appropriate, adopted the recommended best practices of the CG Code. Throughout the year ended June 30, 2010 (the "Year"), the Company has complied with the code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiry to all Directors, all Directors confirmed they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Year.

BOARD OF DIRECTORS

The composition of the Board of Directors (the "Board"), including four executive Directors namely, Mr. Hung Tsung Chin, Ms. Chen Mei Huei, Mr. Wang Yao Chu and Mr. Liao Wen I and three independent non-executive Directors ("INEDs") namely, Mr. Hsu Chun Yi, Mr. Tsan Wen Nan and Mr. Lee Chien Kuo. The Chairman is Mr. Hung Tsung Chin. The Board held seven meetings during the Year. The Company sets up the Audit Committee, Nomination Committee and Remuneration Committee (the "Committees"). The attendance of the Board and Committees meetings during the Year are as follows:

Name of directors	Board	Attendance rate	Audit Committee	Attendance rate	Nomination Committee	Attendance rate	Remuneration Committee	Attendance rate	2009 AGM	Attendance rate
	Number of meetings attended in person/ by proxy		Number of meetings attended in person/ by proxy		Number of meetings attended in person/ by proxy		Number of meetings attended in person/ by proxy		Attended in person	
Executive Directors										
Hung Tsung Chin *(Chairman)*	7/0	100%	N/A	N/A	1/0	100%	1/0	100%	1	100%
Chen Mei Huei *(Chief Executive Officer)*	7/0	100%	N/A	N/A	N/A	N/A	N/A	N/A	0	0%
Wang Yao Chu	6/0	85%	N/A	N/A	N/A	N/A	N/A	N/A	1	100%
Liao Wen I	3/3	85%	N/A	N/A	N/A	N/A	N/A	N/A	1	100%
INEDs										
Hsu Chun Yi	6/0	85%	2/0	100%	1/0	100%	1/0	100%	1	100%
Tsan Wen Nan	4/1	71%	1/1	100%	0/1	100%	0/1	100%	0	0%
Lee Chien Kuo	5/0	71%	2/0	100%	N/A	N/A	N/A	N/A	0	0%

The Directors are collectively and ultimately responsible for how the Company is managed, its strategic direction and performance. The Directors meet to plan, decide and review these matters, which resolutions are put to a vote. Day-to-day operations of the Group and implementation of the Board's decisions and strategy are delegated to the Company's management team, and those arrangements are reviewed on a periodic basis to ensure they remain appropriate. All Directors are regularly updated on corporate governance and regulatory matters. The Directors have separate and independent access to the Company's senior management and, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses. All Directors also have access to the Company Secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of the meeting. Minutes of board meetings and meetings of board committee, which recorded in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by Directors.

Details of the rules governing the appointment, re-election and removal of Directors are laid down in the Bye-laws of the Company. Biographies of the Directors are set out in the Directors and Senior Management section of this Annual Report.

The Company has also arranged a Director's and Officer's Liability Insurance policy in respect of legal action against its Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer are currently two separate positions. Mr. Hung Tsung Chin, the Chairman, is the husband of Ms. Chen Mei Huei, the Chief Executive Officer. The Chairman is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate, complete and reliable information in a timely manner as will enable them to make an informed decision. The Chief Executive Officer is delegated with the authority and is responsible for running the Group's business, and the implementation of the approved strategies in achieving the overall commercial objectives.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hsu Chun Yi, Mr. Tsan Wen Nan and Mr. Lee Chien Kuo of the INEDs of the Company have entered into the letter of appointment with the Company and be appointed for a period of one year commencing from December 1, 2009, December 1, 2009 and February 2, 2010 respectively and subject to the retirement and re-election provisions in the Bye-laws of the Company and may be terminated by either party giving to the other three months' prior notice in writing. Pursuant to the guidelines set out in rule 3.13 of the Listing Rules, each of the INEDs has confirmed his independence and is continued to be considered by the Company to be independent.

REMUNERATION OF DIRECTORS

The Remuneration Committee of the Company is responsible for formulating and making recommendations to the Board on the Group's policy and structure of the Directors' and the senior management's remuneration, as well as on the establishment of a formal and transparent procedure for developing policy on such remuneration. Throughout the Year, the Remuneration Committee comprised one executive Director and Chairman of the Company, Mr. Hung Tsung Chin (Chairman of the Remuneration Committee), and two INEDs, namely, Mr. Hsu Chun Yi and Mr. Tsan Wen Nan.

During the Year, the Remuneration Committee has convened one meeting.

NOMINATION OF DIRECTORS

The Nomination Committee of the Company is responsible for the appointment of the directors and for considering appropriate candidates for re-election by the Company's shareholders at annual general meeting. Throughout the Year, the Nomination Committee comprised one executive Director and Chairman of the Company, Mr. Hung Tsung Chin (Chairman of the Nomination Committee) and two INEDs, namely, Mr. Hsu Chun Yi and Mr. Tsan Wen Nan.

During the Year, the Nomination Committee has convened one meeting.

AUDITORS' REMUNERATION

During the Year, the remuneration paid to the Company's external auditors, Deloitte Touche Tohmatsu, for their services rendered for the year ended June 30, 2010 is set out as follows:

	2010	2009
	HK$'000	HK$'000
Audit	**2,552**	2,015
Non-audit services:		
Interim review	**294**	280
Others	**30**	30

AUDIT COMMITTEE

The Audit Committee has been established with the responsibility of assisting the Board in providing an independent review on the Company's (i) relationship with the external auditors, (ii) financial information, and (iii) the reporting system and internal control procedures. It acts in an advisory capacity and makes recommendations to the Board. Throughout the Year, the Audit Committee comprised three INEDs, namely, Mr. Hsu Chun Yi (Chairman of the Audit Committee), Mr. Tsan Wen Nan and Mr. Lee Chien Kuo.

During the Year, the Audit Committee has convened two meetings.

The Directors are collectively responsible for preparing the consolidated financial statements of the Group which have been prepared on a going concern basis, and complied with requirements of the Listing Rules. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Also, there is no disagreement between the Directors and the Audit Committee regarding the selection of the external auditors.

The auditors' statement about their reporting responsibilities on the consolidated financial statements is set out on page 24 of this annual report.

INTERNAL CONTROL

The Directors have conducted a review covering all material controls, including financial, operational and compliance controls and risk management functions of the Group for the Year and were satisfied that an effective and adequate internal control system had been in operation. Considerations are also given to the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions and their training programs and budget.

The Directors and management have also conducted regular reviews on the effectiveness of the system of internal control of the Group and are satisfied with the results of the reviews.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company maintains a website at www.sandmartin.com.hk. It is a channel of the Company to communication with the public with our latest development of the Group. All our corporate communications such as announcements, circular, annual report and interim report are available on the website whereas circular, annual report and interim report are printed and sent to all shareholders of the Company. Shareholders and investors may also email their enquires to the Company's email at smt@sandmartin.com.hk, which will be handled by public relation staff of the company.

The directors of the Company are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended June 30, 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended June 30, 2010 are set out in the consolidated statement of comprehensive income on page 26.

An interim dividend of HK2.5 cents per share for the six months ended December 31, 2009 (7.1.2008 to 12.31.2009: HK0.6 cents per share) was paid to shareholders during the year. The directors recommended the payment of a final dividend of HK3.0 cents per share for the year ended June 30, 2010 (2009: HK1.6 cents per share).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at June 30, 2010 were as follows:

	2010	2009
	HK$'000	HK$'000
Contributed surplus	**181,788**	181,788
Retained profits	**37,135**	67,287
	218,923	249,075

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

SUBSIDIARIES

Particular of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

BORROWINGS

Details of the borrowing of the Group are set out in note 25 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Hung Tsung Chin
Ms. Chen Mei Huei
Mr. Wang Yao Chu
Mr. Liao Wen I

Independent non-executive directors:

Mr. Hsu Chun Yi
Mr. Tsan Wen Nan
Mr. Lee Chien Kuo

In accordance with the Company's Bye-laws 87(1) and 87(2), Mr. Hung Tsung Chin and Ms. Chen Mei Huei shall retire by rotation and, being eligible, offered themselves for re-election at the forthcoming annual general meeting (the "AGM").

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company has entered into a service contract with the Company for a term of three years commencing April 1, 2005 and will continue thereafter unless and until terminated by either party by three months' prior notice in writing.

Mr. Hsu Chun Yi, Mr. Tsan Wen Nan, and Mr. Lee Chien Kuo, the Independent Non-executive Directors ("INEDs") of the Company, have entered into letters of appointment with the Company and have been appointed for a period of one year commencing from December 1, 2009, December 1, 2009 and February 2, 2010 respectively. The appointment is subject to the retirement and re-election provisions in the Bye-laws of the Company and may be terminated by either party giving to the other three months' prior notice in writing.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at June 30, 2010, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") Contained in Appendix 10 in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

(i) Ordinary shares of HK$0.10 each of the Company

Name of director	Capacity and nature of interest	Number of shares held	Percentage of interest
Mr. Hung Tsung Chin	Corporate	147,523,125 (Note 1)	22.19%
Ms. Chen Mei Huei	Corporate	147,523,125 (Note 1)	22.19%
Mr. Wang Yao Chu	Corporate	111,150,000 (Note 2)	16.72%
Mr. Liao Wen I	Corporate	75,489,375 (Note 3)	11.36%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION *(Continued)*

(i) Ordinary shares of HK$0.10 each of the Company *(Continued)*

Notes:

1. These shares are registered in the name of Metroasset Investments Limited which is held by Mr. Hung Tsung Chin as to 45.09%, his wife, Ms. Chen Mei Huei, as to 44.38% and Mr. Hung Chih Chun, a son of Mr. Hung Tsung Chin and Ms. Chen Mei Huei as to 10.53%.

2. These shares are registered in the name of Success Power Investments Limited which is held by Mr. Wang Yao Chu as to 58.80% and his wife, Ms. Tseng Wei Ti, as to 41.20%.

3. These shares are registered in the name of Wellever Investments Limited which is held by Mr. Liao Wen I as to 86.14% and his wife, Ms. Lin Hsiu Ling, as to 13.86%.

All interests in the Company's shares stated above represent long position.

(ii) Share options

Pursuant to a share option scheme approved by a written resolution passed by the shareholders of the Company on March 17, 2005 (the "Option Scheme") for a period of ten years, the Company may grant options to the directors or employees, any business consultants, business partners, suppliers, customers, agents or financial or legal advisers of the Company or any of its subsidiaries, for the recognition of their contributions, to subscribe for shares in the Company with a payment of HK$1.00 upon each grant of options offered.

The exercise price of the share option will be determined at the highest of:

(i) the closing price of the Company's shares on the Stock Exchange on the date of grant;

(ii) the average of closing prices of shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; and

(iii) the nominal value of the shares.

The share options are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Option Scheme, or any conditions stipulated by the board of directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of the Company in issue from time to time. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 month period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION *(Continued)*

(ii) Share options *(Continued)*

As at June 30, 2010, the number of shares in respect of which options under the Option Scheme had been granted and remained outstanding was 11,700,000 (2009: 11,960,000), representing 1.76% of the shares of the Company in issue as at June 30, 2010.

The following table discloses movements in the Company's share options during the year:

				Number of share options			
Type of grantee	**Date of grant** (Note)	**Closing price per share immediately prior to the grant date**	**Exercise price**	**Outstanding at July 1, 2009**	**Exercised during the year**	**Cancelled/ lapsed during the year**	**Outstanding at June 30, 2010**
Directors							
Mr. Hung Tsung Chin	July 30, 2005	HK$1.02	HK$1.02	500,000	–	–	500,000
Ms. Chen Mei Huei	July 30, 2005	HK$1.02	HK$1.02	500,000	–	–	500,000
Mr. Wang Yao Chu	July 30, 2005	HK$1.02	HK$1.02	500,000	–	–	500,000
Mr. Liao Wen I	July 30, 2005	HK$1.02	HK$1.02	500,000	–	–	500,000
				2,000,000	–	–	2,000,000
Employees	July 30, 2005	HK$1.02	HK$1.02	2,760,000	(60,000)	(200,000)	2,500,000
	December 16, 2006	HK$2.05	HK$2.05	1,100,000	–	–	1,100,000
	December 27, 2007	HK$1.76	HK$1.76	3,050,000	–	–	3,050,000
	April 1, 2009	HK$1.10	HK$1.114	3,050,000	–	–	3,050,000
Total				11,960,000	(60,000)	(200,000)	11,700,000

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION *(Continued)*

(ii) Share options *(Continued)*

Note:

The share options are vested in stages as follows:

On or after the second anniversary of the date of grant	50%
On or after the third anniversary of the date of grant	remaining 50%

Options granted on July 30, 2005 are exercisable until July 31, 2015, options granted on December 16, 2006 are exercisable until December 15, 2016, options granted on December 27, 2007 are exercisable until December 26, 2017 and options granted on April 1, 2009 are exercisable until March 31, 2019.

Save as disclosed above, as at June 30, 2010, none of the directors and chief executives of the Company had or were deemed to have any interest, or short positions in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2010, the interests or short position of the following substantial shareholders in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholder	Capacity and nature of interests	Number of Company's shares held	Percentage of interest
Metroasset Investments Limited	Beneficial owner	147,523,125	22.19% (Note 1)
Success Power Investments Limited	Beneficial owner	111,150,000	16.72% (Note 2)
Wellever Investments Limited	Beneficial owner	75,489,375	11.36% (Note 3)

Notes:

1. Metroasset Investments Limited is held by Mr. Hung Tsung Chin as to 45.09%, his wife, Ms. Chen Mei Huei, as to 44.38% and Mr. Hung Chih Chun, a son of Mr. Hung Tsung Chin and Ms. Chen Mei Huei as to 10.53%.

2. Success Power Investments Limited is held by Mr. Wang Yao Chu as to 58.80% and his wife, Ms. Tseng Wei Ti, as to 41.20%.

3. Wellever Investments Limited is held by Mr. Liao Wen I as to 86.14% and his wife, Ms. Lin Hsiu Ling, as to 13.86%.

All the interests in the Company's shares stated above represent long position.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Save as disclosed above, so far as is known to the directors, as at June 30, 2010, there was no person (other than a director or chief executive of the Company) who had an interest in the shares or underlying shares in the Company which would fall to be disclosed to the Company pursuant to section 336 of the SFO.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme of the Company, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENT POLICY

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

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Other employee benefits included insurance and medical cover, subsidised training programme as well as the share option scheme that is set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 44% of the Group's total sales and the sales attributable to the Group's largest customer was approximately 21% of the Group's total sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 20% of the total purchases.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's issued share capital had any interest in the share capital of any of the Group's five largest customers.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended June 30, 2010.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Hung Tsung Chin
Chairman
Hong Kong, October 6, 2010

Deloitte.
德勤

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE MEMBERS OF
SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sandmartin International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 85, which comprise the consolidated statement of financial position as at June 30, 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at June 30, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
October 6, 2010

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2010

	NOTES	2010 HK$'000	2009 HK$'000
Revenue	5	**1,560,713**	1,377,179
Cost of sales		**(1,204,824)**	(1,133,789)
Gross profit		**355,889**	243,390
Other income		**20,306**	12,976
Other gains and losses		**(17,635)**	(10,599)
Increase in fair value of investment properties		**569**	795
Distribution and selling costs		**(61,392)**	(56,150)
Administrative expenses		**(142,277)**	(113,713)
Research and development costs		**(52,195)**	(35,888)
Finance costs	7	**(5,935)**	(9,013)
Profit before taxation		**97,330**	31,798
Income tax expense	8	**(6,345)**	(1,148)
Profit for the year	9	**90,985**	30,650
Other comprehensive income			
Exchange difference arising from translation of foreign operations		**(11,115)**	(13,373)
Total comprehensive income for the year		**79,870**	17,277
Profit for the year attributable to:			
Owners of the Company		**91,698**	32,191
Non-controlling interests		**(713)**	(1,541)
		90,985	30,650
Total comprehensive income attributable to:			
Owners of the Company		**80,662**	18,809
Non-controlling interests		**(792)**	(1,532)
		79,870	17,277
Earnings per share	12		
Basic		**14.9 HK cents**	5.8 HK cents
Diluted		**14.8 HK cents**	5.8 HK cents

Consolidated Statement of Financial Position

At June 30, 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	13	**163,145**	180,733
Prepaid lease payments	14	**22,510**	22,899
Investment properties	15	**31,981**	31,083
Goodwill	16	**66,392**	84,681
Intangible assets	17	**2,980**	6,234
Deferred tax assets	18	**12,624**	8,723
		299,632	334,353
Current assets			
Inventories	19	**278,791**	227,496
Trade and other receivables	20	**276,268**	191,046
Prepaid lease payments	14	**547**	543
Derivative financial instruments	21	**51**	299
Pledged bank deposits	22	**1,405**	1,275
Bank balances and cash	23	**477,150**	173,305
		1,034,212	593,964
Current liabilities			
Trade and other payables	24	**392,223**	236,310
Tax liabilities		**14,658**	9,028
Bank borrowings – due within one year	25	**66,395**	84,955
Obligations under finance leases – due within one year	26	**291**	35
		473,567	330,328
Net current assets		**560,645**	263,636
		860,277	597,989

Consolidated Statement of Financial Position

At June 30, 2010

	NOTES	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	27	**66,478**	55,672
Reserves		**757,666**	508,494
Equity attributable to owners of the Company		**824,144**	564,166
Non-controlling interests		**9,433**	10,225
Total equity		**833,577**	574,391
Non-current liabilities			
Bank borrowings – due after one year	25	**16,157**	16,184
Deferred tax liabilities	18	**10,006**	7,414
Obligations under finance leases			
– due after one year	26	**537**	–
		26,700	23,598
		860,277	597,989

The consolidated financial statements on pages 26 to 85 were approved and authorised for issue by the Board of Directors on October 6, 2010 and are signed on its behalf by:

Hung Tsung Chin
DIRECTOR

Wang Yao Chu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000 (note a)	Special reserve HK$'000 (note b)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At July 1, 2008	55,672	93,111	1,962	15,807	79,878	39,508	261,110	547,048	11,757	558,805
Profit for the year	–	–	–	–	–	–	32,191	32,191	(1,541)	30,650
Other comprehensive income for the year	–	–	–	–	–	(13,382)	–	(13,382)	9	(13,373)
Total comprehensive income for the year	–	–	–	–	–	(13,382)	32,191	18,809	(1,532)	17,277
Dividends recognised as distribution	–	–	–	–	–	–	(3,340)	(3,340)	–	(3,340)
Recognition of equity-settled share-based payments	–	–	1,649	–	–	–	–	1,649	–	1,649
Transfer	–	–	–	3,430	–	–	(3,430)	–	–	–
At June 30, 2009	55,672	93,111	3,611	19,237	79,878	26,126	286,531	564,166	10,225	574,391
Profit for the year	–	–	–	–	–	–	91,698	91,698	(713)	90,985
Other comprehensive income for the year	–	–	–	–	–	(11,036)	–	(11,036)	(79)	(11,115)
Total comprehensive income for the year	–	–	–	–	–	(11,036)	91,698	80,662	(792)	79,870
Issue of shares	10,800	196,109	–	–	–	–	–	206,909	–	206,909
Transaction costs attributable to issue of shares	–	(3,558)	–	–	–	–	–	(3,558)	–	(3,558)
Dividends recognised as distribution	–	–	–	–	–	–	(25,527)	(25,527)	–	(25,527)
Recognition of equity-settled share-based payments	–	–	1,431	–	–	–	–	1,431	–	1,431
Exercise of share options	6	61	(6)	–	–	–	–	61	–	61
Transfer	–	–	–	2,626	–	–	(2,626)	–	–	–
At June 30, 2010	**66,478**	**285,723**	**5,036**	**21,863**	**79,878**	**15,090**	**350,076**	**824,144**	**9,433**	**833,577**

Notes:

(a) The statutory reserve is required by the relevant law of The People's Republic of China (the "PRC") applicable to the subsidiaries in the PRC. The statutory reserve can be applied in conversion into PRC subsidiaries' capital by means of a capitalisation issue.

(b) The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation prior to the listing of the Company's shares and the surplus arising pursuant to a capitalisation of advances from shareholders as part of the group reorganisation.

Consolidated Statement of Cash Flows

For the year ended June 30, 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit before taxation	**97,330**	31,798
Adjustments for:		
Amortisation of intangible assets	**3,150**	3,339
Depreciation of property, plant and equipment	**23,195**	26,869
Finance costs	**5,935**	9,013
Gain on disposal of property, plant and equipment	**(129)**	(65)
Impairment loss on trade receivables	**4,794**	1,250
Impairment loss on inventories	**12,700**	8,182
Impairment loss on goodwill	**14,055**	3,055
Increase in fair value of investment properties	**(569)**	(795)
Interest income	**(990)**	(994)
Release of prepaid lease payments	**544**	544
Share-based payment expense	**1,431**	1,649
Fair value change on derivative financial instruments	**(51)**	(299)
Operating cash flows before movements in working capital	**161,395**	83,546
(Increase) decrease in inventories	**(72,028)**	76,011
(Increase) decrease in trade and other receivables	**(99,154)**	17,449
Decrease (increase) in derivative financial instruments	**299**	(1,109)
Increase (decrease) in trade and other payables	**156,625**	(63,792)
Cash generated from operations	**147,137**	112,105
Taxation in other jurisdictions paid	**(12,723)**	(7,853)
Taxation in other jurisdictions refunded	**9,684**	2,994
Interest received	**990**	994
Interest paid	**(5,935)**	(9,013)
Net cash from operating activities	**139,153**	99,227
Investing activities		
Purchase of property, plant and equipment	**(6,477)**	(9,140)
(Increase) decrease in pledged bank deposits	**(130)**	8,441
Proceeds from disposal of property, plant and equipment	**383**	2,251
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	**–**	(1,233)
Proceeds from disposal of available-for-sale investments	**–**	15
Net cash (used in) from investing activities	**(6,224)**	334

Consolidated Statement of Cash Flows

For the year ended June 30, 2010

	2010 HK$'000	2009 HK$'000
Financing activities		
Proceeds from issue of shares	**206,909**	–
Proceeds from issue of shares upon exercise of share options	**61**	–
Dividend paid	**(25,527)**	(3,340)
Net repayment of bank borrowings	**(5,188)**	(93,245)
Expense on placing of new shares	**(3,558)**	–
Repayment of obligations under finance leases	**(237)**	(118)
Net cash from (used in) financing activities	**172,460**	(96,703)
Net increase in cash and cash equivalents	**305,389**	2,858
Cash and cash equivalents at beginning of the year	**173,305**	170,330
Effect of foreign exchange rate changes	**(1,544)**	117
Cash and cash equivalents at end of the year, represented by bank balances and cash	**477,150**	173,305

1. GENERAL

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Company is United States dollars ("USD"). As the Company is listed in Hong Kong, the directors consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 37.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]

[1] Amendments that are effective for annual period beginning on or after July 1, 2009.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

New and revised HKFRSs affecting the reported results and/or financial positions

HKFRS 3 (Revised) affects the Group's accounting for business combination for which the acquisition date is on or after July 1, 2009. HKAS 27 (Revised) affects the accounting treatment for changes in the Group's ownership interest in a subsidiary. These changes have no impact on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 9	Financial Instruments[7]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Amendments that are effective for annual periods beginning on or after January 1, 2010
[2] Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate
[3] Effective for annual periods beginning on or after January 1, 2010
[4] Effective for annual periods beginning on or after February 1, 2010
[5] Effective for annual periods beginning on or after July 1, 2010
[6] Effective for annual periods beginning on or after January 1, 2011
[7] Effective for annual periods beginning on or after January 1, 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from January 1, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 is likely to affect the classification and measurement of the Group's financial assets. The impact can not yet be reasonably estimated.

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from January 1, 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 is likely affect the classification and measurement of the Group's leasehold land. The impact can not yet be reasonably estimated.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to July 1, 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries prior to July 1, 2009

For increases in interests in existing subsidiaries, the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the additional interests in subsidiaries acquired was charged to capital reserve. For decreases in interests in subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Changes in the Group's ownership interests in existing subsidiaries after July 1, 2009

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits at the date when control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Business combinations prior to July 1, 2009

Acquisitions of businesses were accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were recognised at their fair values at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the business combination, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations on or after July 1, 2009

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised 2008) are recognised at their fair values, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's Share-based payment awards are measured in accordance with HKFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU"), or groups of CGU, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns and discounts.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

Freehold land is stated at cost less accumulated impairment losses.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Prepaid lease payments

Prepaid lease payments, representing up-front payments to acquire leasehold land interest, are stated at cost and amortised over the period of the lease on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after July 1, 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, for which the commencement date for capitalisation is on or after July 1, 2009 are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans, Hong Kong Mandatory Provident Fund Scheme (the "MPF Scheme") and the state-managed retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, an internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at the fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets held for trading are classified as financial assets at FVTPL. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets classified as loans and receivables, are assessed for indicators of impairment at the end of the reporting period. Such financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, and observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities

Financial liabilities including trade and other payables, bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to the share option reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss on trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's estimate. In determining whether impairment is required, the Group takes into consideration the aging status, creditworthiness and the past collection history of each customer. Specific allowance is made for receivables if objective evidence of impairment exists and is recognised as the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and the carrying value. If no objective evidence exists that receivables are impaired on a individual basis, those receivables are included in a collective assessment of impairment. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at June 30, 2010, the carrying value of trade receivables was HK$236,229,000 (2009: HK$164,599,000) (net of allowance for doubtful debts of HK$103,957,000 (2009: HK$99,056,000)). Details of the movement of allowance for doubtful debts are disclosed in note 20.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the future cash flow and the discount rate are different from the original estimate, such difference will impact the carrying value of goodwill and impairment loss in the year in which such estimate has been changed. As at June 30, 2010, the carrying amount of goodwill was HK$66,392,000 (2009: HK$84,681,000), net of accumulated impairment loss of HK$17,110,000 (2009: HK$3,055,000). Details of the recoverable amount calculation are disclosed in note 16.

Impairment loss on inventories

Management reviews the inventory listing at the end of the reporting period, and makes an allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. When determine the allowance reference is made to the latest market value for those inventories identified. Where the net realisable value is less than the cost, a material write down may arise. As at June 30, 2010, the carrying amount of inventories (net of allowances of HK$20,882,000 (2009: HK$8,182,000)) was HK$278,791,000 (2009: HK$227,496,000).

5. REVENUE

Revenue represents the amounts received and receivable for goods sold, less returns and discounts, by the Group to outside customers during the year.

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from July 1, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Group's executive directors, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was organised into two operating division – media entertainment platform related products and other multimedia products. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

Year ended June 30, 2010

	Media entertainment platform related products HK$'000	Other multimedia products HK$'000	Total HK$'000
REVENUE			
External sales	1,116,837	443,876	1,560,713
RESULTS			
Segment results	230,203	45,445	275,648
Other income			20,306
Other gains and losses			1,214
Increase in fair value of investment properties			569
Research and development costs			(52,195)
Administrative expenses			(142,277)
Finance costs			(5,935)
Profit before taxation			97,330

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Year ended June 30, 2009

	Media entertainment platform related products HK$'000	Other multimedia products HK$'000	Total HK$'000
REVENUE			
External sales	883,764	493,415	1,377,179
RESULTS			
Segment results	116,289	66,644	182,933
Other income			12,976
Other gains and losses			(6,292)
Increase in fair value of investment properties			795
Research and development costs			(35,888)
Administrative expenses			(113,713)
Finance costs			(9,013)
Profit before taxation			31,798

The accounting policies of the operating segments are the same as the accounting policies of the Group described in note 3. Segment profit represents the profit earned by each segment without allocation of administrative expenses, research and development costs, other income, other gains and losses (except impairment loss on goodwill), and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At June 30, 2010

	Media entertainment platform related products HK$'000	**Other multimedia products HK$'000**	**Total HK$'000**
ASSETS			
Segment assets	**575,854**	**205,258**	**781,112**
Bank balances and cash			**477,150**
Unallocated corporate assets			**75,582**
Consolidated assets			**1,333,844**
LIABILITIES			
Segment liabilities	**295,424**	**56,289**	**351,713**
Bank borrowings			**82,552**
Unallocated corporate liabilities			**66,002**
Consolidated liabilities			**500,267**

At June 30, 2009

	Media entertainment platform related products HK$'000	Other multimedia products HK$'000	Total HK$'000
ASSETS			
Segment assets	482,890	183,527	666,417
Bank balances and cash			173,305
Unallocated corporate assets			88,595
Consolidated assets			928,317
LIABILITIES			
Segment liabilities	139,317	62,450	201,767
Bank borrowings			101,139
Unallocated corporate liabilities			51,020
Consolidated liabilities			353,926

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, prepaid lease payments, investment properties, other receivables, bank balances and cash, pledged bank deposits and derivative financial instruments; and

- all liabilities are allocated to operating segments other than certain other payables and bank borrowings.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

Year ended June 30, 2010

	Media entertainment platform related products HK$'000	**Other multimedia products HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Capital additions	**4,651**	**2,469**	**381**	**7,501**
Depreciation and amortisation	**20,627**	**4,115**	**1,603**	**26,345**
Release of prepaid lease payments	**314**	**61**	**169**	**544**
Impairment loss on goodwill	**11,000**	**3,055**	**–**	**14,055**
Impairment loss on trade receivables	**2,875**	**1,884**	**–**	**4,759**

Year ended June 30, 2009

	Media entertainment platform related products HK$'000	Other multimedia products HK$'000	Unallocated HK$'000	Total HK$'000
Capital additions	4,642	3,665	1,494	9,801
Depreciation and amortisation	21,660	7,004	1,544	30,208
Release of prepaid lease payments	314	61	169	544
Impairment loss on goodwill	–	3,055	–	3,055
Impairment loss on trade receivables	1,232	18	–	1,250

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are mainly located in PRC (country of domicile), Taiwan, Europe, North America, Middle East, Africa and South America.

The Group's revenue from external customers, based on location of customers, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets (note)**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Asia				
– PRC (country of domicile)	**–**	–	**185,226**	201,258
– Taiwan	**134,888**	23,837	**3,128**	3,220
– Others	**30,321**	31,450	**9,560**	9,834
Europe				
– Germany	**36,944**	58,219	**16,726**	20,029
– Spain	**232,079**	232,580	**72,368**	91,280
– Others	**71,457**	102,982	**–**	–
North America				
– United States of America	**169,907**	192,681	**–**	9
– Others	**44,135**	55,025	**–**	–
Middle East				
– United Arab Emirates	**495,320**	447,503	**–**	–
– Others	**148,283**	45,405	**–**	–
Africa	**69,571**	106,923	**–**	–
South America				
– Chile	**33,158**	40,216	**–**	–
– Uruguay	**52,126**	–	**–**	–
– Others	**40,756**	37,545	**–**	–
Other regions	**1,768**	2,813	**–**	–
	1,560,713	1,377,179	**287,008**	325,630

note: Non-current assets exclude deferred tax assets.

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from the only customer in the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010 HK$'000	2009 HK$'000
Customer A[1]	327,125	354,417

[1] Revenue from media entertainment platform related products.

7. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on:		
– bank borrowings wholly repayable within five years	5,913	8,714
– bank borrowings not wholly repayable within five years	–	299
– obligations under finance leases	22	–
Total borrowing costs	5,935	9,013

8. INCOME TAX EXPENSE

	2010 HK$'000	2009 HK$'000
The tax charge comprises:		
Current tax:		
PRC	5,514	4,607
Jurisdictions other than the PRC and Hong Kong	7,782	4,397
Under(over)provision in prior years	1,756	(2,666)
Tax refunded in respect of research and development activities in other jurisdiction	(5,504)	(2,994)
	9,548	3,344
Deferred taxation:		
Current year	(6,077)	(3,954)
Provision for withholding tax	2,874	2,664
Attributable to a change in tax rate	–	(906)
	(3,203)	(2,196)
	6,345	1,148

8. INCOME TAX EXPENSE *(Continued)*

The tax rates applicable to the Group's principal operating subsidiaries are as follows:

(i) PRC

Pursuant to the relevant laws and regulations in the PRC, 珠海保稅區虹揚電子科技有限公司 and 珠海保稅區隆宇光電科技有限公司 are subject to PRC enterprise income tax that provide for a transitional period of 5 years commencing January 1, 2008 for the tax rate to reach 25%.

As for 中山聖馬丁電子元件有限公司, in late 2008, it successfully applied for High and New Technology Enterprises Status, so the applicable tax rate has been reduced to 15% ("Reduced Tax Rate") from January 1, 2008 to December 31, 2010.

(ii) Hong Kong

No tax is payable on the profit for the year arising in Hong Kong as the assessable profit is wholly absorbed by tax losses brought forward.

(iii) Europe

The Group's European subsidiaries are subject to profit tax rates at range of 26.3% to 30% (2009: 27.5% to 30%).

(iv) Macau

As stated in the Decree Law No. 58/99/M, Chapter 2, Article 12, dated October 18, 1999, the Macau subsidiary is exempted from Macao Complementary Tax.

(v) Others

Other subsidiaries operating in other jurisdictions are subject to applicable tax rates in the relevant jurisdictions.

8. INCOME TAX EXPENSE *(Continued)*

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

	2010 HK$'000	2009 HK$'000
Profit before taxation	**97,330**	31,798
Tax at the applicable rate of 25% (2009: 25%)	**24,332**	7,949
Tax effect of income subject to falling within Reduced Tax Rate	**(5,692)**	(1,312)
Tax effect of expenses not deductible for tax purpose	**8,873**	10,273
Tax effect of income not taxable for tax purpose	**(3,293)**	(3,095)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**92**	255
Tax effect of exemption granted to Macau subsidiary	**(17,656)**	(8,665)
Tax effect of utilisation of tax losses previously not recognised	**(340)**	(355)
Tax effect of tax loss not recognised	**903**	–
Under(over)provision in prior years	**1,756**	(2,666)
Tax refunded in respect of research and development activities in other jurisdiction	**(5,504)**	(2,994)
Deferred taxation arising from dividend withholding tax	**2,874**	2,664
Increased in opening deferred tax asset resulting from an increase in applicable tax rate	**–**	(906)
Tax charge for the year	**6,345**	1,148

Details of deferred taxation for the year are set out in note 18.

9. PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 10)	**6,412**	8,690
Other staff costs	**171,022**	144,881
Retirement benefit scheme contributions, excluding directors	**18,947**	11,512
Share-based payment expense, excluding directors	**1,431**	1,644
Total employee benefit expenses	**197,812**	166,727
Auditor's remuneration	**2,876**	2,015
Depreciation of property, plant and equipment	**23,195**	26,869
Amortisation of intangible assets (included in cost of sales)	**3,150**	3,339
Release of prepaid lease payments	**544**	544
Impairment loss on goodwill (included in other gains and losses) (note 16)	**14,055**	3,055
Impairment loss on inventories (included in cost of sales)	**12,700**	8,182
Impairment loss on trade receivable (included in other gains and losses)	**4,794**	1,250
Foreign exchange loss (included in other gains and losses)	**2,539**	6,225
and after crediting:		
Bank interest income	**990**	994
Foreign exchange gain (included in other gains and losses)	**3,702**	1,586
Gain on disposal of property, plant and equipment	**129**	65
Property rental income with negligible outgoings	**2,377**	2,719
Scrap and sample sales (included in other income)	**10,785**	2,102
Increase in fair value of derivative financial instruments (included in other gains and losses)	**51**	299

Included in the total employee benefit expenses is an aggregate amount of HK$18,992,000 (2009: HK$11,567,000) in respect of contributions of retirement benefits schemes made by the Group.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the directors were as follows:

Year ended June 30, 2010

	Mr. Hung Tsung Chin HK$'000	Ms. Chen Mei Huei HK$'000	Mr. Wang Yao Chu HK$'000	Mr. Liao Wen I HK$'000	Mr. Hsu Chun Yi HK$'000	Mr. Tsan Wen Nan HK$'000	Mr. Lee Chien Kuo HK$'000	Total HK$'000
Fees	–	–	–	–	40	40	40	120
Other emoluments:								
– salaries and other benefits	1,712	2,007	1,425	1,103	–	–	–	6,247
– retirement benefit schemes contributions	12	10	12	11	–	–	–	45
Total emoluments	1,724	2,017	1,437	1,114	40	40	40	6,412

Year ended June 30, 2009

	Mr. Hung Tsung Chin HK$'000	Ms. Chen Mei Huei HK$'000	Mr. Wang Yao Chu HK$'000	Mr. Liao Wen I HK$'000	Mr. Yip Ho Chi HK$'000 (note i)	Mr. Hsu Chun Yi HK$'000	Mr. Chen Chung Ho HK$'000 (note ii)	Mr. Tsan Wen Nan HK$'000	Mr. Lee Chien Kuo HK$'000 (note iii)	Total HK$'000
Fees	–	–	–	–	–	40	23	40	17	120
Other emoluments:										
– salaries and other benefits	1,937	2,600	1,601	1,303	1,069	–	–	–	–	8,510
– retirement benefit schemes contributions	11	10	11	11	12	–	–	–	–	55
– share-based payment expense	1	1	1	1	1	–	–	–	–	5
Total emoluments	1,949	2,611	1,613	1,315	1,082	40	23	40	17	8,690

Notes:

(i) Mr. Yip Ho Chi resigned as a director of the Company on June 15, 2009.

(ii) Mr. Chen Chung Ho resigned as a director of the Company on February 2, 2009.

(iii) Mr. Lee Chien Kuo was appointed as a director of the Company on February 2, 2009.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2009: four) were directors of the Company whose emoluments are included in the disclosure set out above. The emoluments of the remaining two (2009: one) individuals are as follow:

	2010 HK$'000	2009 HK$'000
Total emoluments	**3,232**	1,993

The emoluments were within the following band:

	2010 No. of employees	2009 No. of employees
HK$1,000,000 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–

During each of the two years ended June 30, 2010, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director waived any emoluments for each of the two years ended June 30, 2010.

11. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year:		
2009 Final – HK1.6 cents per share (2009: nil)	**8,908**	–
2010 Interim – HK2.5 cents (2009: 2009 interim dividend HK0.6 cents) per share	**16,619**	3,340
	25,527	3,340

The final dividend of HK3.0 cents (2009: HK1.6 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share		
Profit attributable to owners of the Company	**91,698**	32,191

	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**614,749,000**	556,722,000
Effect of dilutive potential ordinary shares in respect of share options	**2,852,000**	1,413,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**617,601,000**	558,135,000

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Taiwan	**Buildings**	**Leasehold improvements**	**Plant and machinery**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Computer equipment**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST								
At July 1, 2008	2,676	133,561	12,849	239,673	12,102	3,819	10,434	415,114
Exchange adjustments	(297)	(2,496)	(447)	(1,363)	(207)	(200)	(138)	(5,148)
Reclassification	–	2,287	831	(15,365)	10,021	–	2,226	–
Additions	–	1,266	1,580	2,281	1,650	454	2,570	9,801
Disposals	–	(1,212)	–	(2,465)	(1,956)	(1,558)	(809)	(8,000)
At June 30, 2009	2,379	133,406	14,813	222,761	21,610	2,515	14,283	411,767
Exchange adjustments	85	(1,130)	(707)	1,114	27	(173)	(32)	(816)
Additions	–	–	254	2,186	866	1,532	2,663	7,501
Disposals	–	–	(98)	(4,198)	(992)	(172)	(563)	(6,023)
At June 30, 2010	**2,464**	**132,276**	**14,262**	**221,863**	**21,511**	**3,702**	**16,351**	**412,429**
DEPRECIATION								
At July 1, 2008	–	15,389	6,559	168,753	10,325	2,757	7,792	211,575
Exchange adjustments	–	(139)	(178)	(1,010)	(168)	(16)	(85)	(1,596)
Reclassification	–	1,634	831	(11,757)	7,581	–	1,711	–
Provided for the year	–	2,645	1,293	15,620	2,438	764	4,109	26,869
Eliminated on disposals	–	(352)	–	(1,626)	(1,801)	(1,296)	(739)	(5,814)
At June 30, 2009	–	19,177	8,505	169,980	18,375	2,209	12,788	231,034
Exchange adjustments	–	118	(541)	1,184	97	(124)	90	824
Provided for the year	–	3,354	729	12,337	2,272	752	3,751	23,195
Eliminated on disposals	–	–	(7)	(4,072)	(981)	(146)	(563)	(5,769)
At June 30, 2010	**–**	**22,649**	**8,686**	**179,429**	**19,763**	**2,691**	**16,066**	**249,284**
CARRYING VALUES								
At June 30, 2010	**2,464**	**109,627**	**5,576**	**42,434**	**1,748**	**1,011**	**285**	**163,145**
At June 30, 2009	2,379	114,229	6,308	52,781	3,235	306	1,495	180,733

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings	50 years or over the term of lease or land use rights, whichever is shorter
Leasehold improvements	20% or over the term of lease, whichever is shorter
Plant and machinery	10% – $33\frac{1}{3}$%
Furniture, fixtures and equipment	20%
Motor vehicles	20% – $33\frac{1}{3}$%
Computer equipment	20% – $33\frac{1}{3}$%

At June 30, 2010, the carrying value of property, plant and equipment included an amount of HK$1,104,000 (2009: HK$57,000) in respect of assets held under finance leases.

14. PREPAID LEASE PAYMENTS

	2010	2009
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong		
Long lease	**7,669**	7,837
Leasehold land outside Hong Kong		
Medium-term lease	**15,388**	15,605
	23,057	23,442
Analysed for reporting purposes as:		
Current asset	**547**	543
Non-current asset	**22,510**	22,899
	23,057	23,442

15. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At July 1, 2008	30,341
Exchange adjustments	(53)
Changes in fair value recognised in consolidated statement of comprehensive income	795
At June 30, 2009	31,083
Exchange adjustments	329
Changes in fair value recognised in consolidated statement of comprehensive income	569
At June 30, 2010	**31,981**

The fair value of the Group's investment properties at June 30, 2010 has been arrived at on the basis of a valuation carried out as of that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuer not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors (the "HKIS"), and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by the Depreciated Replacement Costs Approach, which requires a valuation of the market value of the land by reference to market evidence of transaction prices for similar properties in the same location and conditions and an estimate of the new replacement cost of the buildings and structures.

The carrying value of investment properties shown above comprises properties situated in the PRC under medium-term lease. They are held for rental purpose under operating leases.

16. GOODWILL

	2010 HK$'000	2009 HK$'000
COST		
At July 1	**87,736**	90,725
Exchange adjustments	**(4,234)**	(2,989)
At June 30	**83,502**	87,736
IMPAIRMENT		
At July 1	**3,055**	–
Impairment loss recognised in the year	**14,055**	3,055
At June 30	**17,110**	3,055
CARRYING AMOUNTS		
At June 30	**66,392**	84,681

For the purposes of impairment testing, goodwill has been allocated to three CGUs, including one subsidiary in other multimedia products segment and two subsidiaries in media entertainment platform related products segment. The carrying amounts of goodwill allocated to these CGUs are as follows:

	2010 HK$'000	2009 HK$'000
Media entertainment platform related products		
– BCN Distribuciones, S.A.	**51,428**	64,363
– Intelligent Digital Services GmbH	**14,964**	17,263
Other multimedia products	**–**	3,055
	66,392	84,681

During the year, the management reassessed the cash flow projections of the CGUs engaged in both media entertainment platform related products and other multimedia products segments. As the recoverable amounts of the respective CGUs based on value in use calculation are less than their carrying amounts, an impairment loss of HK$11,000,000 (2009: nil) and HK$3,055,000 (2009: HK$3,055,000) was recognised for media entertainment platform related products segment and other multimedia products segment respectively. Due to the sales performance in both CGUs are lower than the management expectation in prior years, impairment on goodwill were recognised to reduce the carrying amount to their recoverable amount.

16. GOODWILL *(Continued)*

The recoverable amount of these units have been determined based on value in use calculations. For impairment assessment purposes, such calculations use cash flow projections covering a five-year period and adopted discount rates of 8%. Cash flows beyond the 5-year period are extrapolated for 2 years with no growth. The cash flow projections are from the most recent financial budgets that cover a five-year period approved by management. The key assumptions for the value in use calculations are the budgeted gross margin and budgeted revenue, which are determined based on the unit's past performance and management's expectations regarding market development.

17. INTANGIBLE ASSETS

	Product technology HK$'000 (note a)	Trademarks HK$'000 (note b)	Others HK$'000 (note c)	Total HK$'000
COST				
At July 1, 2008	10,438	1,211	3,856	15,505
Exchange adjustments	(706)	–	(436)	(1,142)
At June 30, 2009	9,732	1,211	3,420	14,363
Exchange adjustments	(491)	–	(455)	(946)
At June 30, 2010	**9,241**	**1,211**	**2,965**	**13,417**
AMORTISATION				
At July 1, 2008	4,181	605	386	5,172
Exchange adjustments	(338)	–	(44)	(382)
Provided for the year	2,413	242	684	3,339
At June 30, 2009	6,256	847	1,026	8,129
Exchange adjustments	(620)	–	(222)	(842)
Provided for the year	2,230	242	678	3,150
At June 30, 2010	**7,866**	**1,089**	**1,482**	**10,437**
CARRYING VALUES				
At June 30, 2010	**1,375**	**122**	**1,483**	**2,980**
At June 30, 2009	3,476	364	2,394	6,234

Notes:

a. Product technology includes software and knowhow developed by the entity to support a project that provides a new hardware platform for the products. Amortisation is provided on a straight-line basis over 5 years.

b. The trademark represents a brand name used in Europe acquired through the acquisition of a subsidiary. Amortisation is provided on a straight-line basis over 5 years.

c. Others represent the fair value of the research and development team of Intelligent Digital Services GmbH, a subsidiary that the Group acquired in January 2008. The mature research and development team is separately recognised based on the fair value at the date of acquisition. It can support the group for further expansion. Amortisation is provided on a straight-line basis over 5 years.

18. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised by the Group and movements thereon during the current and prior years:

	Fair value adjustment on intangible asset HK$'000	Tax losses HK$'000	Deferred expenditure HK$'000	Revaluation of investment properties HK$'000	Provision for PRC withholding tax HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At July 1, 2008	(1,157)	2,433	1,881	(1,961)	(1,492)	(379)	(675)
Exchange adjustments	136	(269)	(132)	–	7	46	(212)
Credit (charge) to consolidated statement of comprehensive income for the year	302	6	4,425	(1,208)	–	429	3,954
Provision for PRC withholding tax	–	–	–	–	(2,664)	–	(2,664)
Effect of change in tax rate	–	–	122	784	–	–	906
At June 30, 2009	(719)	2,170	6,296	(2,385)	(4,149)	96	1,309
Exchange adjustments	70	(268)	(1,594)	–	(69)	(33)	(1,894)
Credit (charge) to consolidated statement of comprehensive income for the year	204	(5)	5,855	(85)	–	108	6,077
Provision for PRC withholding tax	–	–	–	–	(2,874)	–	(2,874)
At June 30, 2010	**(445)**	**1,897**	**10,557**	**(2,470)**	**(7,092)**	**171**	**2,618**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 HK$'000	2009 HK$'000
Deferred tax assets	**12,624**	8,723
Deferred tax liabilities	**(10,006)**	(7,414)
	2,618	1,309

At June 30, 2010, the Group had unused tax losses of HK$18,497,000 (2009: HK$16,087,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$6,617,000 (2009: HK$7,617,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$11,880,000 (2009: HK$8,470,000) due to the unpredictability of future profit streams.

Included in the unrecognised tax losses are losses of HK$8,943,000 (2009: HK$8,007,000) that will expire in ten years. Other tax losses may be carried forward indefinitely.

19. INVENTORIES

	2010 HK$'000	2009 HK$'000
Raw materials	**91,894**	68,731
Work in progress	**56,882**	22,814
Finished goods	**130,015**	135,951
	278,791	227,496

20. TRADE AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	**340,186**	263,655
Less: allowance for doubtful debts	**(103,957)**	(99,056)
	236,229	164,599
Other receivables	**40,039**	26,447
Total trade and other receivables	**276,268**	191,046

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting periods:

	2010 HK$'000	2009 HK$'000
0 – 30 days	**119,748**	96,371
31 – 60 days	**63,497**	33,487
61 – 90 days	**41,932**	19,522
91 – 180 days	**11,052**	14,662
More than 180 days	**–**	557
	236,229	164,599

Before accepting a new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. 95% (2009: 91%) of the trade receivables that are neither past due nor impaired are due from customers with no default payment history.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$11,052,000 (2009: HK$15,219,000) which was past due at the reporting date but for which the Group has not provided for impairment loss because management believes that the fundamental credit quality of the relevant customers has not deteriorated.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables which are past due but not impaired:

	2010 HK$'000	2009 HK$'000
91 – 180 days	**11,052**	14,662
More than 180 days	**–**	557
	11,052	15,219

Movement in the allowance for doubtful debts:

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	**99,056**	103,322
Impairment loss recognised on receivables	**4,794**	1,250
Amounts written off as uncollectable	**(549)**	(820)
Amounts recovered during the year	**(18)**	(4,501)
Exchange realignment	**674**	(195)
Balance at the end of the year	**103,957**	99,056

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$103,957,000 (2009: HK$99,056,000), which have been outstanding for more than one year and legal action has been taken. Management considered they are unlikely to be collected. The Group does not hold any collateral over these balances.

As at June 30, 2009, the Group discounted certain bills receivables to financial institutions with recourse. The Group continued to recognise the full carrying amount of the receivables as the Group is still exposed to credit risk on these receivables. The carrying amount of the bills discounted was HK$770,000. The carrying amount of the associated liability which represented the cash received from discounted bills (see note 25) was HK$766,000.

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Renminbi HK$'000
As at June 30, 2010	**5,057**
As at June 30, 2009	11,697

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2010 Assets HK$'000	2009 Assets HK$'000
Foreign currency forward contracts	**51**	299

Major terms of the outstanding foreign currency forward contracts as at June 30, 2010 are as follows:

Notional amount	**Forward Contract Rates**	**Maturity**
2 contracts to buy US$2,000,000 in total	US$1 to RMB6.7633 – 6.7747	From July 1, 2010 to July 8, 2010

Major terms of the outstanding foreign currency forward contracts as at June 30, 2009 are as follows:

Notional amount	**Forward Contract Rates**	**Maturity**
10 contracts to buy US$10,000,000 in total	US$1 to RMB6.7300 – 6.8280	From September 2, 2009 to June 2, 2010
10 contracts to sell US$10,000,000 in total	US$1 to RMB6.8200 – 6.8303	From September 1, 2009 to June 1, 2010

The above derivatives are measured at fair value at the end of the reporting period. Their fair values are determined based on the prices provided by counterparty multi-national financial institutions for equivalent instruments at the end of the reporting period, which is under Level 2 of the fair value hierarchy.

The Group's derivative financial instruments that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	United States dollars HK$'000
As at June 30, 2010	**51**
As at June 30, 2009	299

22. PLEDGED BANK DEPOSITS

The amounts represent deposits pledged to banks to secure short-term bank borrowings granted to the Group. The deposits carry fixed interest rates ranged from 0.02% to 0.7% (2009: 0.05% to 2.5%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

23. BANK BALANCES AND CASH

Bank balances and cash of the Group comprise bank balances and cash held and short-term bank deposits that are interest-bearing at floating interest rate and are with maturity of three months or less. The bank deposits carry fixed interest rates ranging from 0.001% to 0.01% (2009: 0.01% to 0.25%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	United States dollars	**Hong Kong dollars**	**Renminbi**
	HK$'000	HK$'000	HK$'000
As at June 30, 2010	**267,623**	**2,522**	**487**
As at June 30, 2009	44,508	2,580	1,174

24. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting periods:

	2010	2009
	HK$'000	HK$'000
0 – 30 days	**151,276**	102,884
31 – 60 days	**102,782**	50,231
61 – 90 days	**49,380**	28,782
91 – 180 days	**23,895**	13,246
181 – 365 days	**1,891**	324
	329,224	195,467
Other payables	**62,999**	40,843
Total trade and other payables	**392,223**	236,310

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

24. TRADE AND OTHER PAYABLES *(Continued)*

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Renminbi
	HK$'000
As at June 30, 2010	**53,869**
As at June 30, 2009	32,247

25. BANK BORROWINGS

	2010	2009
	HK$'000	HK$'000
Trust receipt loans	**7,372**	9,342
Bank loans	**75,180**	91,031
Bills discounted with recourse	**–**	766
	82,552	101,139
Analysed as:		
Secured	**100**	766
Unsecured	**82,452**	100,373
	82,552	101,139

	2010	2009
	HK$'000	HK$'000
Carrying amount repayable:		
Within one year	**66,395**	84,955
In more than one year but not more than two years	**10,004**	4,889
In more than two years but not more than three years	**3,486**	4,541
In more than three years but not more than four years	**1,496**	3,132
In more than four years but not more than five years	**683**	1,670
More than five years	**488**	1,952
	82,552	101,139
Less: Amount due within one year shown under current liabilities	**(66,395)**	(84,955)
Amount due after one year	**16,157**	16,184

Certain Group's bank borrowings carried interest at floating rate of Euro Interbank Offered Rate ("EURIBOR") + 0.25% to EURIBOR + 0.75% (2009: EURIBOR + 0.75% to EURIBOR + 1%)

25. BANK BORROWINGS *(Continued)*

The range of the effective interest rates on the Group's bank borrowings are as follows:

	2010	2009
Variable interest rate borrowings	**2.35% – 7.15%**	1.58% – 5.35%

The Group's bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	United States dollars HK$'000
As at June 30, 2010	**–**
As at June 30, 2009	766

26. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is three years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 7.6% (2009: 5.5%) per annum.

	Minimum lease payments		**Present value of minimum lease payments**	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Amounts payable under finance leases:				
Within one year	**344**	37	**291**	35
In more than one year but not more than two years	**344**	–	**314**	–
In more than two years but not more than three years	**229**	–	**223**	–
	917	37		
Less: Future finance charges	**(89)**	(2)		
Present value of lease obligations	**828**	35	**828**	35
Less: Amount due within one year shown under current liabilities			**(291)**	(35)
Amount due after one year			**537**	–

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

27. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At July 1, 2008, June 30, 2009 and 2010	1,000,000,000	100,000
Issued and fully paid:		
At July 1, 2008 and June 30, 2009	556,722,000	55,672
Exercise of share options (i)	60,000	6
Issue of shares (ii)	108,000,000	10,800
At June 30, 2010	**664,782,000**	**66,478**

(i) During the year ended June 30, 2010, a total of 60,000 ordinary shares of the Company were issued upon the exercise of 60,000 share options at an exercise price of HK$1.02 with a consideration of HK$61,000.

(ii) On December 17, 2009, the Company issued 108,000,000 new ordinary shares. The 108,000,000 new ordinary shares, together with 40,000,000 existing ordinary shares held by various shareholders, were transferred to a depositary bank as underlying securities for the issuance of 148,000,000 units of Taiwan Depositary Receipts ("TDRs") on Taiwan Stock Exchange Corporation. The TDRs were offered at a price of NT$8.00 (equivalent to HK$1.92) per unit, where each unit of TDR represents one ordinary share of the Company.

28. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the year:

	2010	2009
	HK$'000	HK$'000
Premises	**10,053**	9,537

28. OPERATING LEASES *(Continued)*

The Group as lessee *(Continued)*

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**11,179**	9,565
In the second to fifth year inclusive	**41,505**	36,929
	52,684	46,494

Operating lease payments represent rentals payable by the Group for certain of its offices and factories. Leases are negotiated for lease terms ranging from one to four years.

The Group as lessor

Property rental income earned during the year was HK$2,377,000 (2009: HK$2,719,000) with negligible outgoings. All of the investment properties held have committed tenants for the next three to five years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,636**	1,663
In the second to fifth year inclusive	**3,126**	1,424
Over fifth year	**1**	1
	5,763	3,088

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, equity reserves attributable to owners of the Group, comprising issued share capital and various reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debts.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**723,352**	354,121
Derivative financial instruments	**51**	299
	723,403	354,420
Financial liabilities		
Amortised cost	**438,475**	322,702

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, derivative financial instruments, pledged bank deposits, bank balances and cash, trade payables, obligations under finance leases and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign exchange risk.

The carrying amounts of the Group's foreign currency (as in relation to the functional currency of the relevant group entities) denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Renminbi ("RMB")	**53,869**	32,247	**5,544**	12,871
Hong Kong dollars ("HKD")	**–**	–	**2,522**	2,580
United States dollars ("USD")	**–**	766	**267,674**	44,807

30. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis

As HKD is pegged with USD, the Group's currency risk relative to USD in relation to the monetary assets/liabilities denominated in HKD is not expected to be significant. In addition, the directors of the Company consider the exposure of EUR against the foreign currencies is insignificant and no relevant sensitivity analysis is presented.

The Group is mainly exposed to RMB. The Group does not have a formal foreign currency hedging policy. But management monitors the Group's foreign currency exposure and enters into forward contracts when movements in the RMB/USD exchange rate are outside management's expected range in order to minimise the exchange rate risk.

The following table details the Group's sensitivity to a 5% increase and decrease in functional currency of respective group entities against RMB. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only RMB monetary assets and liabilities at the end of the reporting period. A negative number below indicates a decrease in profit where RMB strengthen 5% against the functional currency. For a 5% weakening of RMB against the functional currency, there would be an equal and opposite impact on the profit for the year, and the balances below would be positive.

	RMB	
	2010	2009
	HK$'000	HK$'000
Profit for the year	**(1,816)**	(728)

30. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate bank deposits as set out in notes 22 and 23.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings as set out in notes 23 and 25 respectively. It is the Group's policy to keep the majority of balances and borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of EURIBOR arising from the Group's EUR borrowings.

Sensitivity analysis

The bank balances of the Group carry floating-rates of interest and have exposure to cash flow interest rate risk. The directors of the Company consider the exposure is insignificant and no sensitivity analysis is therefore presented.

The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The directors of the Company monitor the exposure on an ongoing basis and will consider hedging significant interest rate risks should the need arise.

The sensitivity analyses below have been determined based on the exposure to interest rates for a variable rate bank borrowings. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point charge is used and represents management's assessment of the reasonably possible change in interest rates.

30. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis *(Continued)*

A summary of the Group's monetary liabilities at the end of the reporting period that carried variable interest rate is as follows:

	2010	2009
	HK$'000	HK$'000
Liabilities	**82,552**	101,139

Based on the above summary, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended June 30, 2010 would decrease or increase by HK$413,000 (2009: decrease or increase by HK$506,000), and vice versa. The Group's sensitivity to interest rates has decreased during the year mainly due to a decrease in bank borrowings.

Credit risk

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at June 30, 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has delegated a team for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. During the year, impairment losses of HK$4,794,000 (2009: HK$1,250,000) had been made for the long outstanding major customers, representing the full irrecoverable amount of those customers. In this regard, the directors of the Company consider that the Group's credit risk in other debts is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group has concentration of credit risk as 16% (2009: 26%) and 31% (2009: 39%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The directors of the Company considered that the receivable balance from these customers do not represent a significant credit risk based on past collection experience and no bad debts have been recognised against trade receivables due from these customers in prior years. The credit quality of these customer is considered high under in the Group's internal credit rating system.

30. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liability. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at June 30, 2010 HK$'000
2010							
Trade and other payables	–	169,849	157,792	27,454	–	355,095	355,095
Bank borrowings	6.88	70,963	17,239	29	–	88,231	82,552
Obligations under finance leases	7.60	78	43	192	579	892	828
		240,890	175,074	27,675	579	444,218	438,475

	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at June 30, 2009 HK$'000
2009							
Trade and other payables	–	132,956	88,572	–	–	221,528	221,528
Bank borrowings	4.90	30,195	29,302	29,302	17,296	106,095	101,139
Obligations under finance leases	5.40	37	–	–	–	37	35
		163,188	117,874	29,302	17,296	327,660	322,702

30. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value

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

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

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

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

Derivative financial instruments are carrying at fair value which is under Level 2 of the fair value hierarchy. (See note 21)

31. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a share option scheme approved by a written resolution passed by the shareholders of the Company on March 17, 2005 (the "Option Scheme"), the Company may grant options to the directors or employees, any business consultants, business partners, suppliers, customers, agents or financial or legal advisers of the Company or any of its subsidiaries, for the recognition of their contributions, to subscribe for shares in the Company with a payment of HK$1.00 upon each grant of options offered.

The exercise price of the share option will be determined at the highest of:

(i) the closing price of the Company's shares on the Stock Exchange on the date of grant;

(ii) the average of closing prices of shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; and

(iii) the nominal value of the shares.

The share options are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Option Scheme, or any conditions stipulated by the board of directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of the Company in issue from time to time. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 month period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of the Company.

31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The following table discloses movements of the share options of the Company entitled by the Company's directors or employees during the year:

Type of grantee	Date of grant (note 2)	Exercise price (note 1)	Number of share options: Outstanding at July 1, 2008	Granted during the year	Cancelled/ lapsed during the year	Outstanding at June 30, 2009	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at June 30, 2010
Directors	July 30, 2005	HK$1.02	2,500,000	–	(500,000)	2,000,000	–	–	2,000,000
Employees	July 30, 2005	HK$1.02	2,860,000	–	(100,000)	2,760,000	(60,000)	(200,000)	2,500,000
Employees	December 16, 2006	HK$2.05	1,100,000	–	–	1,100,000	–	–	1,100,000
Employees	December 27, 2007	HK$1.76	3,050,000	–	–	3,050,000	–	–	3,050,000
Employees	April 1, 2009	HK$1.114	–	3,050,000	–	3,050,000	–	–	3,050,000
Total			9,510,000	3,050,000	(600,000)	11,960,000	(60,000)	(200,000)	11,700,000
Exercisable at the end of the year			2,680,000			5,310,000			7,125,000
Weighted average exercise price			1.02	1.11	1.02	1.35	1.02	1.02	1.34

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$1.31.

Notes:

1. The closing prices of the Company's shares immediately before July 30, 2005, December 16, 2006, December 27, 2007 and April 1, 2009, the dates the options were granted, were HK$1.02, HK$2.05, HK$1.76 and HK$1.10, respectively.

2. The share options are vested in stages as follows:

On or after the second anniversary of the date of grant	50%
On or after the third anniversary of the date of grant	remaining 50%

Options granted on July 30, 2005, December 16, 2006, December 27, 2007 and April 1, 2009 are exercisable until July 31, 2015, December 15, 2016, December 26, 2017 and March 31, 2019, respectively.

The estimated fair value of the options granted during the year ended June 30, 2009 is approximately HK$1,309,000.

31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The fair value of the options granted during the year ended June 30, 2009 was calculated using the Trinomial pricing model. The inputs into the model were as follows:

	2009
Share price	HK$1.07
Exercise price	HK$1.114
Expected volatility	43.2%
Suboptimal exercise factor	1.686
Risk-free rate	1.918%
Expected dividend yield	0.561%

Expected volatility was determined by using the historical volatility of the Company's share price since the shares are listed on the Stock Exchange in 2005.

The suboptimal exercise factor used was to account for early exercise behaviour of the share options granted by the Company.

The Group recognised total expense of HK$1,431,000 for the year ended June 30, 2010 (2009: HK$1,649,000) in relation to share options granted by the Company.

32. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution paid and payable in the future years.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated statement of comprehensive income represent contributions paid and payable to the funds by the Group at rates specified in the rules of the scheme.

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes operated by the PRC government is to make the required contributions under the schemes.

In addition, certain subsidiaries of the Company in foreign countries are required to contribute amounts based on employees' salaries to the retirement benefit schemes as stipulated by relevant local authorities. The employees are entitled to the Company's contributions subject to the regulations of the relevant local authorities.

33. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2010 **HK$'000**	2009 HK$'000
Short-term benefits	**8,419**	10,180
Post-employment benefits	**1,225**	55
Share-based payments	**–**	5
	9,644	10,240

In the opinion of the directors, the remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

34. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

		2010 **HK$'000**	2009 HK$'000
(a)	bank deposits	**1,405**	1,275
(b)	buildings	**1,988**	2,062
(c)	prepaid lease payments	**7,670**	7,837
(d)	investment properties	**–**	31,083
(e)	bills receivables	**–**	770

35. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of assets with total capital value at the inception of the leases of HK$1,024,000 (2009: nil).

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTE	2010 HK$'000	2009 HK$'000
Total assets		**657,591**	482,429
Total liabilities		**(1,531)**	(1,060)
Net assets		**656,060**	481,369
Capital and reserves			
Share capital		**66,478**	55,672
Reserves	(a)	**589,582**	425,697
Equity attributable to owners of the Company		**656,060**	481,369

Note:

(a) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000
At July 1, 2008	93,111	181,788	1,962	79,900	74,817	431,578
Dividends recognised as distribution	–	–	–	–	(3,340)	(3,340)
Recognition of equity-settled share-based payments	–	–	1,649	–	–	1,649
Loss for the year	–	–	–	–	(4,190)	(4,190)
At June 30, 2009	93,111	181,788	3,611	79,900	67,287	425,697
Dividends recognised as distribution	–	–	–	–	(25,527)	(25,527)
Recognition of equity-settled share-based payments	–	–	1,431	–	–	1,431
Issue of shares	196,109	–	–	–	–	196,109
Transaction costs attributable to issue of shares	(3,558)	–	–	–	–	(3,558)
Loss for the year	–	–	–	–	(4,625)	(4,625)
Exercise of share options	61	–	(6)	–	–	55
At June 30, 2010	**285,723**	**181,788**	**5,036**	**79,900**	**37,135**	**589,582**

The contributed surplus represents the difference between the consolidated shareholders' fund of Top Peaker Group Limited ("Top Peaker") and the nominal value of the Company's shares issued to acquire Top Peaker at the time of a group reorganisation in prior years.

The special reserve represents the surplus arising pursuant to the capitalisation of advances from shareholders as part of the group reorganisation.

37. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at June 30, 2010 and 2009 are as follows:

Name of company	Country/ place of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share/ registered capital held by the Company 2010 & 2009 Directly	Indirectly	Principal activities
Top Peaker	British Virgin Islands ("BVI")/Hong Kong	Ordinary	US$10,000	100%	–	Investment holding
Sandmartin (Zhong Shan) Electronic Co., Ltd. (note) 中山聖馬丁電子元件有限公司	PRC	Registered capital	US$19,500,000	–	100%	Manufacture of electronic goods
SMT Hong Kong Limited	Hong Kong	Ordinary	HK$2	–	100%	Trading of electronic goods
SMT Electronic Technology Limited	Cayman Islands/Taiwan	Ordinary	US$1	–	100%	Trading of electronic goods
SMT (Macao Commercial Offshore) Limited	Macau	Quota capital	MOP100,000	–	100%	Trading of electronic goods
TRT Business Network Solutions, Inc.	United States of America	Ordinary	US$100,000	–	100%	Trading of electronic goods
Weblink Technology Limited	BVI/Hong Kong	Ordinary	US$200	–	51%	Investment holding
FLT Hong Kong Technology Limited	BVI/Hong Kong	Ordinary	US$450,000	–	51%	Trading of optical fibre products
Fiberlink Technology Limited (note) 珠海保税區隆宇光電科技有限公司	PRC	Registered capital	US$1,500,000	–	51%	Manufacture of optical fibre products
BCN Distribuciones, S.A.	Spain	Ordinary	EUR412,102	–	100%	Research and development and trading of electronic goods
Intelligent Digital Services GmbH	Germany	Ordinary	EUR31,250	–	100%	Design and manufacture of electronic goods

Note: These companies are wholly foreign owned enterprises.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at any time of the year or at June 30, 2010.

38. EVENT AFTER THE REPORTING PERIOD

On August 18, 2010, various shareholders transferred an aggregated 80,000,000 existing ordinary shares held by them to a depositary bank as underlying securities for the issuance of 80,000,000 units of TDRs on Taiwan Stock Exchange Corporation. The TDRs were offered at a price of NT$9.30 (equivalent to approximately HK$2.26) per unit, where each unit of TDR represents one ordinary share of the Company.

Financial Summary

For the year ended June 30, 2010

	Year ended June 30,				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	1,090,342	1,315,998	1,725,083	1,377,179	**1,560,713**
Profit (loss) before taxation	34,721	(6,844)	50,260	31,798	**97,330**
Income tax expense	(1,202)	(8,251)	(7,818)	(1,148)	**(6,345)**
Profit (loss) for the year	33,519	(15,095)	42,442	30,650	**90,985**
Attributable to:					
Owners of the Company	33,378	(14,039)	42,300	32,191	**91,698**
Non-controlling interests	141	(1,056)	142	(1,541)	**(713)**
	33,519	(15,095)	42,442	30,650	**90,985**

	At June 30,				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	984,271	1,162,594	1,100,095	928,317	**1,333,844**
Total liabilities	(556,188)	(737,653)	(541,290)	(353,926)	**(500,267)**
	428,083	424,941	558,805	574,391	**833,577**
Equity attributable to owners of the Company	414,835	412,902	547,048	564,166	**824,144**
Non-controlling interests	13,248	12,039	11,757	10,225	**9,433**
	428,083	424,941	558,805	574,391	**833,577**