FITTEC

FITTEC INTERNATIONAL GROUP LIMITED

奕達國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2662

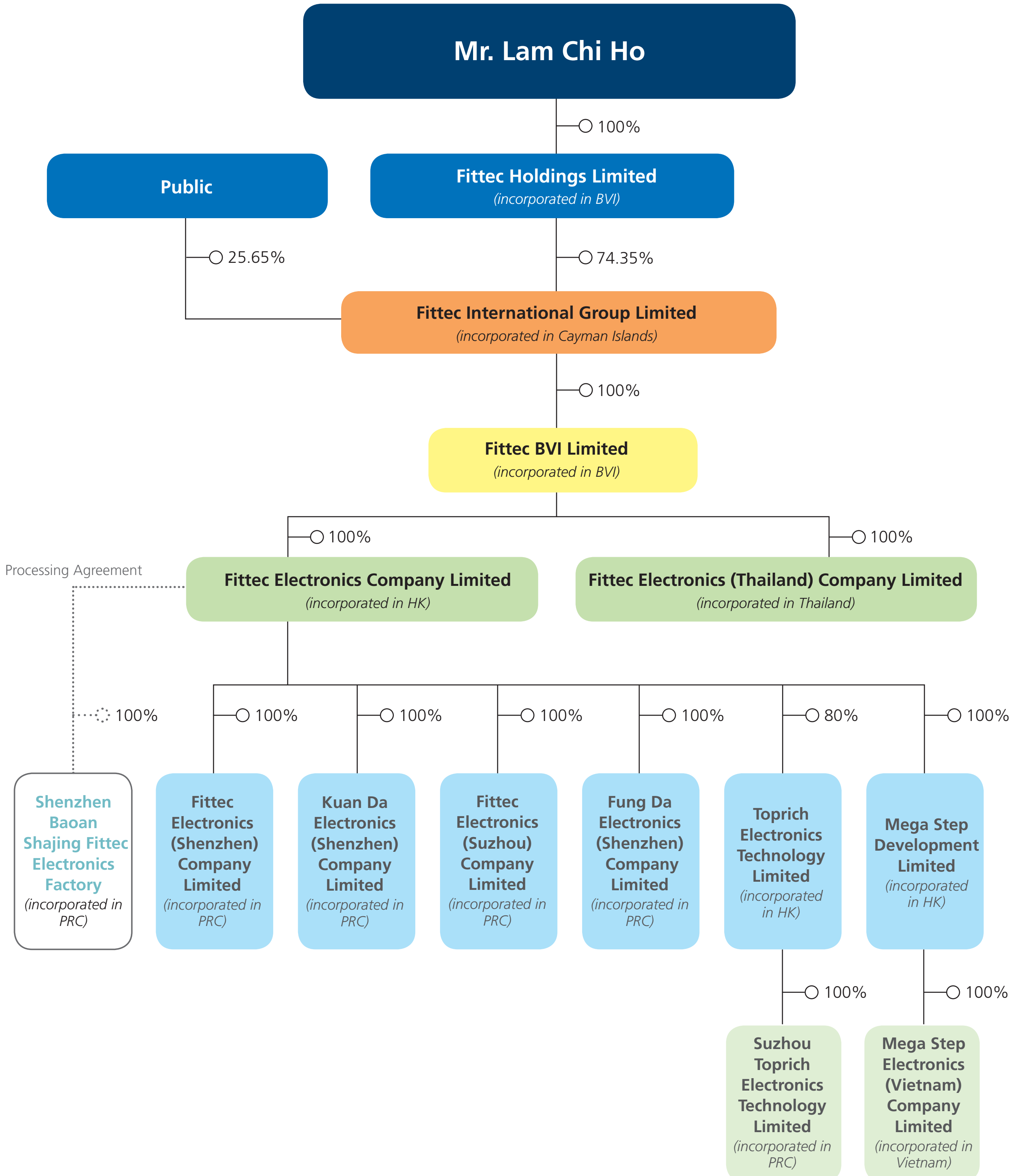
2010/11

Annual Report

CONTENTS

CORPORATE STRUCTURE

The following chart illustrates the corporate structure up to the date of this report.



CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. Lam Chi Ho *(Chairman)*
Ms. Sun Mi Li
Mr. Tsuji Tadao

Independent Non-Executive Directors:

Mr. Chung Wai Kwok, Jimmy
Mr. Xie Bai Quan
Mr. Tam Wing Kin

Company Secretary

Mr. Cheung Yiu Leung

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
China Construction Bank
The Bank of Tokyo-Mitsubishi UFJ, Limited
Standard Chartered Bank (Hong Kong) Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 2B-9, 9th Floor
Yuen Long Trading Centre
33 Wang Yip Street West
Yuen Long
New Territories
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Principal Share Registrar

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Branch Share Registrar in Hong Kong

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Website

www.fittec.com.hk

Stock Code

2662

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this annual report in connection with us and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"EMS"	electronics manufacturing services
"FPC"	flexible printed circuit
"GPS"	global positioning system
"HDD controller"	hard disk drive controller
"LCD"	liquid crystal display, a technology used for portable computer displays and watches, etc
"LCD backlight"	a backlight, the form of illumination used in the LCD display
"LCD controller"	liquid crystal display controller
"ODM"	original design manufacturers
"OEM"	original equipment manufacturers
"PCBA"	printed circuit board assembly

CHAIRMAN'S STATEMENT

Dear Shareholders,

During the year under review, the overall global economy went down again with many uncertainties. A "perfect storm" of fiscal woe in the United States, a slowdown in China economy, European debt restructuring and stagnation in Japan may converge on the global economy. Elevated United States unemployment, a surge in oil and food prices, rising interest rates in Asia and trade disruption from Japan's record earthquake threaten to sap the world economy.

The Group analyzed the global economy recovering trend and China domestic development carefully, and made proper strategic moves accordingly. Ever since the 2008 financial tsunami, the Group has started to set up two offshore production bases in Vietnam and Thailand to diversify our sole focus in China. During the year under review, both offshore factories have been able to start mass production smoothly. During the transition period, our revenue has declined almost 32% to HK$1,814 million for the year ended 30 June 2011 (for the year ended 30 June 2010: HK$2,679 million). One of the major factors of the reducing revenue is that Toshiba changed some of its operation model from full turn key (materials purchasing plus manufacturing) to pure manufacturing. Thus the total sales revenue from Toshiba was lowered significantly from the reduced materials purchasing process.

During the fiscal year, the Group also made an impairment loss in relation to one of its subsidiaries, which manufactures Double Data Rate 2 (DDR2). A one-off impairment loss of HK$31 million was made in view of: (i) changes in technologies; (ii) continuously declining pricing of the global Dynamic Random Access Memory (DRAM) and (iii) over supply of DRAM market.

Under capacity utilization during the new factory setup period together with unfavorable labor wages and currency exchange rate, as well as the one time write off charges from the closing of computer memory module operation in Suzhou, led to a downturn of gross profit to HK$40 million and net loss to HK$69 million (for the year ended 30 June 2010: HK$124 million and net profit of HK$36 million respectively).

In response to these challenges, the Group is taking aggressive actions to control its expenses in China factories, to offset the increasing operational expenses. Those actions include taking more strict headcounts control, squeezing the manufacturing and office spaces, as well as investments in the semi-automatic production and testing equipment. The Group firmly believes that the manufacturing efficiencies and effectiveness will be drastically improved after those actions are taken in the coming years.

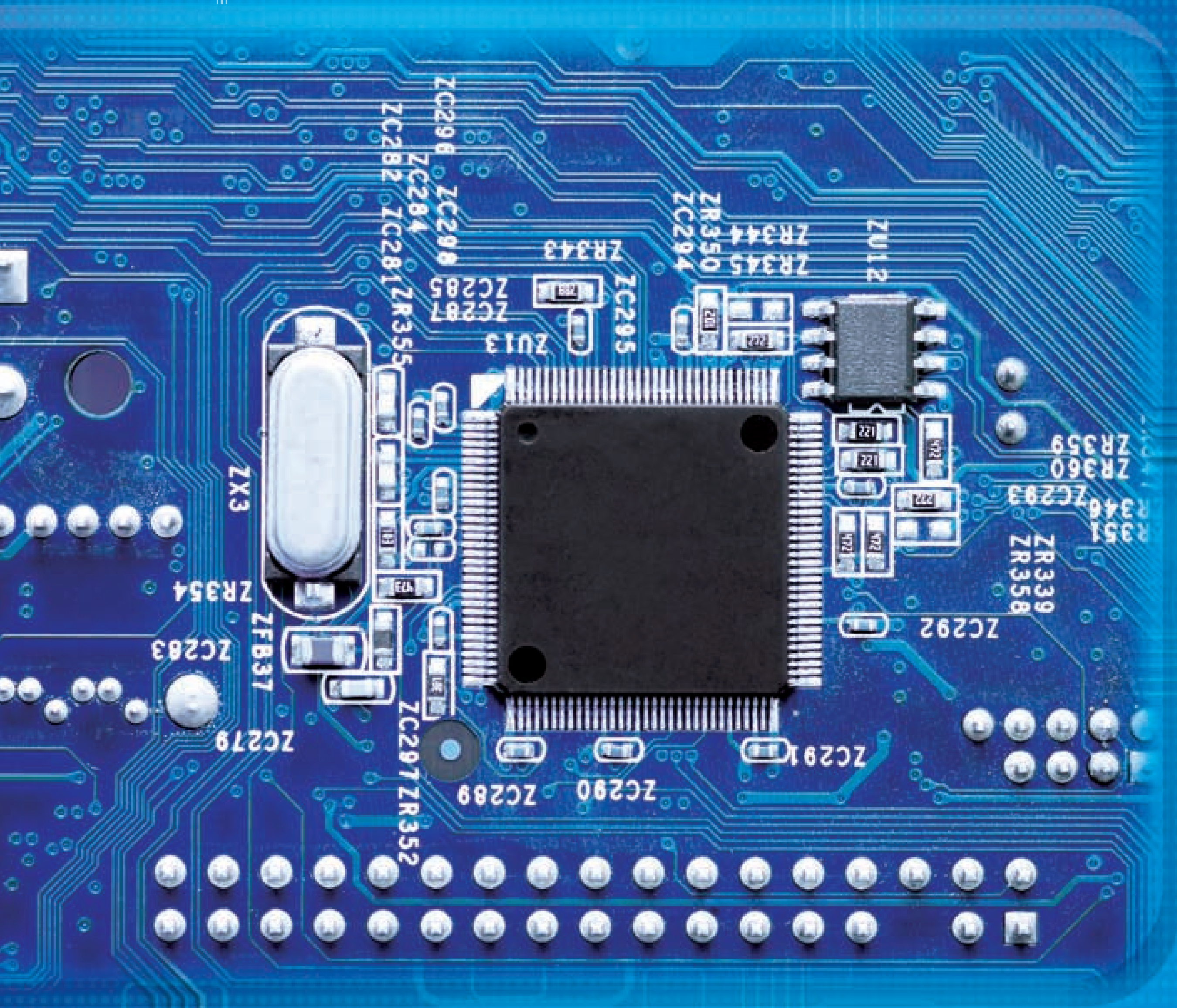
In the mid- to long-term, we remain modest optimistic about our business. After the massive Japanese earthquake on March 11, 2011, more and more Japanese firms need to outsource offshore electronics manufacturing services (EMS) providers for cutting manufacturing costs and shortening re-production lead time in order to enhance their competitiveness. Because we enjoy long-term relationship with top-tier Japanese customers, and we are capable of meeting stringent requirements and locally delivering high-quality products from one of our four factories, we are poised to capture more opportunities ahead.

On behalf of the Board, I would like to express my appreciation to the management and staffs for their dedication and contributions. My thanks also go to our customers, shareholders and investors for their trust and support throughout this challenging period.

Philip Lam
Chairman

Hong Kong, 22 September 2011

INDUSTRY HIGHLIGHT



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Asian electronic manufacturing service (EMS) providers' margins fell below those of their United States peers for the first time last year. With backs against the wall, the region's firms are trying to pass on wage costs to customers, but with limited success. With the end of labour arbitrage, the industry must find new levers to protect margins, according to CLSA. A 20% per annum year-on-year rise in China's total wage bill looks likely over 2011-13. The recent round of China minimum wage hikes in January 2011 was bigger and more widespread than expected. Coming off a growing wage base each year – EMS Industry needs to find new ways to cope.

For the fiscal year ended 30 June 2011, the Group recorded revenue of HK$1,814 million (for the year ended 30 June 2010: HK$2,679 million). The significant drop in turnover was mainly because of the change in business models for serving its biggest customer – Toshiba. In the past few years, the Group was providing both assembly and procurement services to Toshiba for its hard-disk products. Procurement income is generated when the Group helps the customers to purchase materials to be used in production. In such case, the Group will charge back the customer at cost of materials plus a percentage of control fees. However, as the Group's Thailand factory has been pushed into production, some of the orders from China have been shifted to Thailand. Since Thailand factory is only performing pure assembly function for Toshiba, this greatly reduced the procurement income, which explained the significant drop in revenue in fiscal year 2011.

In this fiscal year, the Group continued to broaden its customer base as well as product mix to capture more market share. As the Group built up a close relationship with a Korean leading electronics company, the Group received more orders from this customer during the year. In spite of this, the Group recorded a net loss of HK$69 million for the year (for the year ended 30 June 2010: net profit of HK$36 million). The drop in net profit was the combined effect of both internal and external factors. For internal factors, they include the one-off impairment loss in one of its subsidiaries and the disruption of production due to temporary suspension of electricity in Shenzhen for the Universiade 2011. For external factors, they are the temporary shortage of raw materials and decrease in orders placed by customers as a result of earthquake in Japan, the continuously rising wages in China, the shortage of labor in Southern region of China, and the appreciation of RMB.

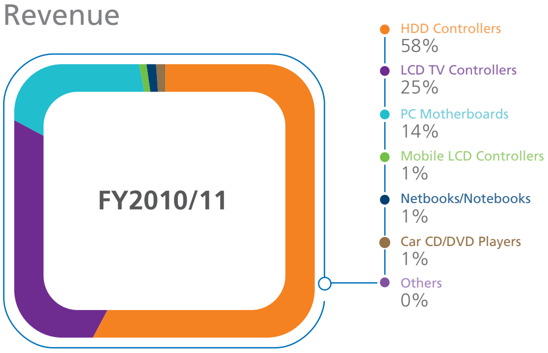
Business Review

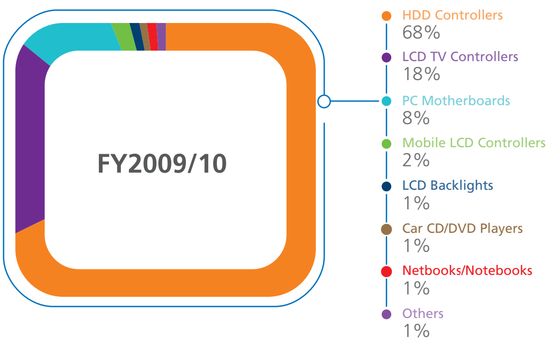
During the fiscal year, the Group maintained focus on top-tier clients and high growth potential products. HDD controllers, PC motherboards (including desktop, Tablet PC and notebook PC), and LCD TV controllers remained the core products of the Group, contributing 97% of the total turnover. Other products, such as car CD/DVD players were suffering drastic volume drops resulting from the major earthquake that hit Japan on March 11, 2011, while Japanese automobile industry lost almost one third of its production capacity. The situation will gradually back to normal in the coming year.

	Revenue			
	FY2010/2011		FY2009/2010	
	Amounts (HKD million)	%	Amounts (HKD million)	%
HDD Controllers	1,045	58	1,824	68
LCD TV Controllers	456	25	486	18
PC Motherboards	254	14	207	8
Car CD/DVD Players	23	1	38	1
Mobile LCD Controllers	20	1	57	2
Netbooks/Notebooks	9	1	22	1
LCD Backlights	7	–	32	1
Others	–	–	13	1
Total	1,814	100	2,679	100

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue





HDD Controllers

This segment showed major decline as Toshiba shifted part of its ordering model from full turnkey to partly OEM. Thus, the revenue from this sector was down by 43% to HK$1,045 million from last year's HK$1,824 million, resulting from less material procurement services provided to Toshiba. However, the overall production capacity for Hard Disk Drive "HDD" controllers did grow since our Thailand factory put into production. The Group is the sole provider of PCB assembly service in China for Toshiba's 2.5-inch and 1.8-inch HDD controllers, as well as the major supplier of its Thailand factory. This relationship has provided the Group the leverage to grow with the small form factor HDD market driven by the fast growing portable devices and other intelligent handheld products. The Group expects these applications will maintain steady growth, so does the demand for the small form factor HDD controllers.

There are two major consolidations in the global HDD industry during the year 2011. On March 7, 2011, Western Digital acquired Hitachi Global Storage Technologies. Within six weeks, Seagate acquired Samsung's HDD division on April 19, 2011. These two acquisitions consolidated the global HDD industry from 5 major vendors down to 3 major vendors. As the only one Japanese HDD vendor after consolidation, Toshiba believes it would be the sole choice for leading Japanese IT/CE vendors for new portable products design-ins, and should be able to push up the volume gradually in the coming months. Despite this, the Group had experienced a significant production volume drop because of the temporary lack of raw materials after the Japanese earthquake. The Group foresees the production volume will gradually recover in both its China and Thailand factories over time.

PC Motherboards

The worldwide PC shipment had plunged deeply from the financial tsunami in late 2008, and stayed flat in the first few months in 2009, then started to bounce back gradually. In a recent research published in May 2011 by a Dublin based research company, it reported that because of the weak market demand, worldwide desktop PC motherboard shipment volume saw declines in 2010. The popularity of mobile computing devices was observed to push down worldwide motherboard shipments in 2010 as well. Looking ahead to the development of the industry in 2011, upheld by desktop PC replacement trend in mature markets and strong market demand in the emerging markets, it was forecasted that after three consecutive years of declines, the worldwide motherboard shipment volume would finally see an year-on-year growth in 2011.

According to Gartner, worldwide PC shipments surpassed 85.2 million units in the second quarter of 2011, a 2.3% increase from the same period of last year. After strong growth in shipments of consumer PCs for four years, driven by strong demand for mini-notebooks and low-priced consumer notebooks, the market is shifting to modest, but steady growth. The slow overall growth indicates that the PC market is still in a period of adjustment, which began in the second half of 2010. The Group recorded turnover of this segment grew from HK$207 million in 2010 to HK$254 million in 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

LCD TV Controllers

After a year of solid quarterly worldwide shipment growth in 2010, the rate of unit growth slowed significantly in the first quarter of 2011 to just 1% on a year-to-year basis, according to DisplaySearch, an Austin, Texas based market research firm. Total worldwide shipments were down 29% on a quarter-to-quarter basis to 55.2 million units, a sharper seasonal decline than typical as excessive shipment volume in the fourth quarter of 2010, which rose 15% on a year-to-year basis, did not match sell-through growth and led to inventory carry-over from the holiday season in many regions. In addition, a sharp slowdown in growth for Japan, which had seen explosive growth in 2009 and 2010 due to the government incentive program known as Eco-Points, weighed on global results when compared to prior periods. Lagging growth in North America and Western Europe, together with slowing growth rates in China, also played a role. Under such external circumstances, the Group's turnover from this sector dropped from HK$486 million in 2010 to HK$456 million in 2011.

Others: Mobile LCD Controllers

Mobile LCD controllers are flexible printed circuit boards containing circuitry that controls the LCD screen on mobile phones, GPS systems and digital cameras. Currently, the mobile phone market growth was dominated by Smartphone. With the overall smartphone market share expanding by 7.5% sequentially, the demand for traditional feature-phones shrinks. The drop in feature phone sales probably hit longtime mobile phone market leader Nokia the most. Nokia's share of shipments declined to 15.1% in the second quarter, down from 23.6% in the first quarter. Facing strong competition from Apple Inc, Samsung Electronics Co Ltd and No.5 brand HTC Corp, Nokia posted the worst performance among the leading smartphone brands, with its shipments falling to 16.7 million units, down from 24.2 million units in the first quarter. Since the Group's customers are suppliers of Nokia's feature mobile phones, the drop in market share of Nokia also affected the Group's turnover from this segment. Turnover from this segment dropped from HK$57 million in 2010 to HK$20 million in 2011.

Liquidity and Financial Resources

The Group had bank balances and cash of approximately HK$246 million as at 30 June 2011 (As at 30 June 2010: HK$212 million). The Group generally finances its operations through its internal resources and bank facilities provided by its principal bankers. As at 30 June 2011, the Group had net current assets of approximately HK$400 million and a current ratio of 2.26 (As at 30 June 2010: net current assets: HK$473 million; current ratio: 1.79). The Group's net asset value was HK$982 million (As at 30 June 2010: HK$1,061 million). All finance leases were utilized in financing the Group's machinery. The Group's total obligation under finance lease increased from HK$0.05 million as at 30 June 2010 to HK$15.6 million as at 30 June 2011, in which approximately HK$4.3 million repayable within one year, HK$11.3 million repayable from two to four years. Total debt to total assets ratio was 26% (As at 30 June 2010: 37%). Currently, all of our cost of direct materials and our turnover are denominated in US dollars, to which the Hong Kong dollar is pegged. However, our labour costs and operation overheads are denominated in RMB, VND and THB. The labour costs in China have been increasing and RMB in China continues its appreciation trend. We have been actively monitoring the foreign exchange exposure in this respect. As at 30 June 2011, the Group did not have any material contingent liabilities.

Production Facilities

During the fiscal year, the Group had made substantial equipment investment in both its newly setup Thailand factory and Suzhou factory. In the mean time, the Group also relocated some equipments from its Shenzhen factory to Vietnam factory. However, the overall equipment utilization rate was still below the optimal level as some production works had been relocated to its offshore factories and setting up process. The Group expects the overall equipment utilization rate will increase steadily over time as more HDD and PC motherboards production volumes are bringing into the Group. As of 30 June 2011, it had 69 SMT lines and a production capacity of 94.3 billion chips per year in China factories.

The Vietnam factory has been completed and started to increase production volumes steadily from the beginning of 2010, as its local management team becoming mature. Currently the Vietnam factory has installed 12 SMT lines, with a production capacity of 14.9 billion chips per year. As the total PC motherboard volumes keep on increasing, the Group expects the customer will place more orders into the Vietnam factory, and would need to relocate more machinery from China to meet the end requirements. This trend will help the Group to push up its overall equipment utilization rate eventually.

MANAGEMENT DISCUSSION AND ANALYSIS

During the fiscal year, the Group's new Thailand factory has been completed and started operation smoothly. Since this factory is located in the same campus as Toshiba's, it has been gradually allocated increasing HDD controllers assembly orders. Looking forward, the Group believes its Thailand operation will keep on growing in the coming years with the convenient location and good production quality. As of 30 June 2011, it had 4 SMT lines and a production capacity of 10.4 billion chips per year in Thailand.

Prospect

Many economists believe that the worst recession in decades is getting better, but is far from fully recover neither. As a result, EMS industry is one of the sectors that experienced the unstable ups and downs demands over month. During the recession-recovery cycle, many companies that did not have efficient operations, strong financial support and economy scale had folded. The Group, among other stronger EMS companies, expects the EMS industry to be suffering from short term decline, but would sustain moderate growth coping with the recovering global economy.

However, continuous fast growing China domestic economy also casts potential cloud into the EMS industry. There are three major factors that would require more attention in China: labor shortage, minimum wage increase as well as the foreign currency exchange rate appreciation. This labor shortage problem had been observed by many EMS operations in China every year, especially before and after the Chinese New Year holidays. The Group expects the situation would get worse as China government keeps on developing inland domestic economies, which would absorb more workers locally in its Western regions. The Group hopes the offshore productions would be one of the measures that could offset the labor shortage issue.

Guangdong already announced to increase the minimum wage to RMB1,300 per month, a hefty leap of 18% beginning March 1, 2011, while Jiangsu province made similar announcement even earlier this year. Looking forward, the Group believes the Chinese business environment would become even tougher as the minimum wages in the PRC would climb up continuously, partially resulting from the sustaining labor shortage, and partially due to the government's intention to offset the raising domestic CPI.

Furthermore, piling up Chinese foreign reserves could again lead to steady appreciation of RMB, as China government already imposed new approach to loosen up RMB's tight link with the US dollars. The combined factors of higher salary multiple by RMB appreciation will eventually drive up the overall operational costs much higher at an alarming pace in the coming years.

In summary, the Group believes the worst economic recession is improving, but far from over, which has reflected in its 2010/2011 performance. Looking forward, the Group expects the overall EMS industry will maintain moderate growth together with the recovering global economy. However, the drastically increasing labor cost and steady currency appreciation in China would bring in more serious impact to the overall EMS daily operation. Overseeing the trend, the Group will keep on diversification of its production facilities outside of China, as well as to improve its production efficiency by developing semi-automatic equipment, which would secure its competitive edge in the long run.

Staffs

As of June 2011, the Group employed a total of 5,226 staffs, of which 4,010 were employed in China, 977 were employed in Vietnam, 42 were employed in Hong Kong and 197 were employed in Thailand (for the year ended 30 June 2010: Total: 5,199 staffs; China: 4,725 staffs; Vietnam: 435 staffs; Hong Kong: 39 staffs; Thailand: nil). The Group has implemented remuneration package, bonus and share option scheme which were part of the remuneration policy designed to motivate individual staff by linking part of the staff's compensation with their respective performance. In addition, fringe benefits such as insurance, medical allowance and pensions were provided to ensure the competitiveness of remuneration packages offered by the Group.

Dividend

The Board of Directors did not recommend the payment of final dividend for the year ended 30 June 2011 (for the year ended 30 June 2010: HK$0.01 per share).

MANAGEMENT DISCUSSION AND ANALYSIS

Purchase, Sale or Redemption of Shares

During the year ended 30 June 2011, there was no purchase, redemption or disposal of the Group's listed securities by the Group.

Corporate Governance

The Board confirms that the Group has complied with all material code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except for the deviations as stated in code provision A.2.1 on Chairman and Chief Executive officer of the Group. Given the current corporate structure, the Board currently considers that there is no need for separation between the roles of Chairman and Chief Executive Officer. All major decisions are made in consultation with the Board with sufficient independent constituents and hence independent views for protection of minority shareholders' interest, although the roles and responsibilities for the Chairman and Chief Executive Officer are vested in one person. Therefore, the Board is of the view that there is adequate impartiality and safeguards in place.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 30 June 2011, all Directors have fully complied with the required standard set out in the Model Code.

Audit Committee

The Company has formed an audit committee to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company. The existing committee comprises Mr. Chung Wai Kwok, Jimmy as chairman, Mr. Xie Bai Quan, and Mr. Tam Wing Kin, all of whom are Independent Non-Executive Directors.

The audit committee is provided with sufficient resources to discharge its duties and meets regularly with the management and external auditors and review their reports. During the financial year, the audit committee held two meetings with respect to discussing matters regarding internal controls and financial reporting (including the interim results before proposing them to the Board for approval) with the management and external auditors. The audit committee has reviewed the results announcement of the Group for the year ended 30 June 2011.

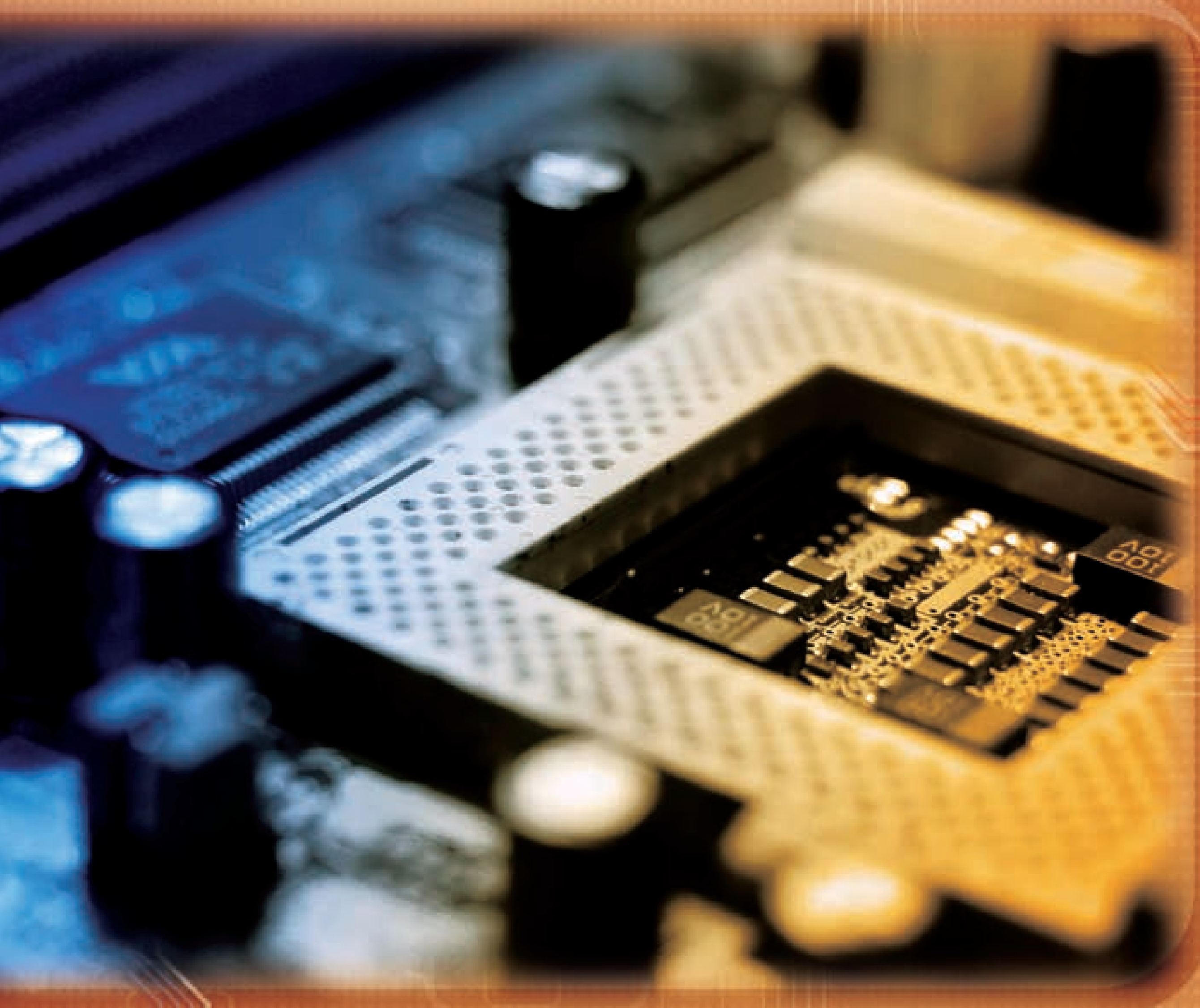
Remuneration Committee

The Board established the remuneration committee comprising a majority of Independent Non-Executive Directors, which meets at least three times per year. It is chaired by Mr. Tam Wing Kin and comprises two other members, namely, Mr. Chung Wai Kwok, Jimmy and Ms. Sun Mi Li. All remuneration committee members, with the exception of Ms. Sun Mi Li, are Independent Non-Executive Directors. The principal duties of the remuneration committee as set out in its items of reference include, inter alia, the determination of remuneration of Executive Directors and senior management and review of the remuneration policy of the Group.

Board of Directors

As at the date of this report, the Executive Directors are Mr. Lam Chi Ho, Ms. Sun Mi Li and Mr. Tsuji Tadao. The Independent Non-Executive Directors are Mr. Xie Bai Quan, Mr. Chung Wai Kwok, Jimmy and Mr. Tam Wing Kin.

TECHNOLOGY EXPLORE



CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Group commits to maintain and ensure a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal controls practices. We believe that corporate governance in a commercial and profit-making organization is about promoting fairness, transparency, accountability and responsibility. Therefore, it is necessary to direct greater or additional efforts towards enhancing managerial transparency by improving and strengthening disclosure requirements, in order to have better and stronger corporate governance. The following paragraphs set out the principles of corporate governance as adopted by the Group during the reporting year.

The Board confirms that the Group has complied with most of the code provisions of the existing Code on Corporate Governance Practices ("CG Code") except for the deviation as stated in code provision A.2.1 on Chairman and Chief Executive Officer as described below.

Chairman and Chief Executive Officer

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

Mr. Lam Chi Ho is both the chairman and the chief executive officer of the Group who is responsible for managing the Board and the businesses of the Group. He has been both chairman and chief executive officer of the Group since the incorporation of Fittec Electronics Company Limited ("Fittec HK"). The Board considers that Mr. Lam's invaluable experience is a great benefit to the Group. Therefore, the Board is of the view that there is adequate impartiality and safeguards in place.

Appointment and Re-election of Directors

Currently, all Independent Non-Executive Directors are appointed for a specific term of two years and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Executive Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Securities Transactions by Directors

The Company had adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Rules governing the Listing of securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code for dealing in securities of the Group by the Directors. Having made specified enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code.

Board of Directors

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and internal controls of the Group's business operations.

The Board comprises three Executive Directors, namely Mr. Lam Chi Ho, Ms. Sun Mi Li, Mr. Tsuji Tadao and three Independent Non-Executive Directors, Mr. Chung Wai Kwok, Jimmy, Mr. Xie Bai Quan and Mr. Tam Wing Kin. The members of the Board have no financial, business, family or other material/relevant relationship with each other except that Mr. Lam Chi Ho is the husband of Ms. Sun Mi Li.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 16 to 17.

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 the Independent Non-Executive Directors to be independent.

During the year ended 30 June 2011, the Directors have made active contribution to the affairs of the Group and four Board meetings were held. Details of the Directors' attendance records are set out as follow:–

	No. of Meetings	
Directors	**Held**	**Attended**
Executive Directors		
Mr. Lam Chi Ho	4	4
Ms. Sun Mi Li	4	4
Mr. Tsuji Tadao	4	3
Independent Non-Executive Directors		
Mr. Xie Bai Quan	4	3
Mr. Chung Wai Kwok, Jimmy	4	4
Mr. Tam Wing Kin	4	3

Audit Committee

The Company has established an audit committee with written terms of reference based as suggested under the Code of Best Practice set out in Appendix 14 of the Listing Rules and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises Mr. Chung Wai Kwok, Jimmy as the Chairman, Mr. Xie Bai Quan and Mr. Tam Wing Kin, all of whom are Independent Non-Executive Directors. The Board is satisfied that these Directors possess relevant qualifications and management expertise to enable them to discharge fully the duties of the audit committee.

For the year ended 30 June 2011, the audit committee held two meetings. Attendance records of each audit committee member are set out as follows:–

	No. of Meetings	
Audit Committee Members	**Held**	**Attended**
Mr. Chung Wai Kwok, Jimmy *(Chairman)*	2	2
Mr. Xie Bai Quan	2	2
Mr. Tam Wing Kin	2	2

Remuneration Committee

The Board established the remuneration committee on 16 November 2005 and the Board adopted the new terms of reference of remuneration committee in alignment with the mandatory provisions set out in the CG Code.

The principal responsibilities of the remuneration committee include making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management and reviewing specific remuneration packages of all Executive Directors and senior management of the Group.

The remuneration committee now comprises two Independent Non-Executive Directors, namely, Mr. Tam Wing Kin as the Chairman, Mr. Chung Wai Kwok, Jimmy and one Executive Director, namely, Ms. Sun Mi Li.

The remuneration committee held three meetings for the year ended 30 June 2011. The attendance records of each remuneration committee member are set out as follows:–

	No. of Meetings	
Remuneration Committee Members	**Held**	**Attended**
Mr. Tam Wing Kin *(Chairman)*	3	3
Mr. Chung Wai Kwok, Jimmy	3	3
Ms. Sun Mi Li	3	3

Auditor's Remuneration

The Audit Committee of the Group is responsible for considering the appointment of external auditors and reviewing any non-audit functions performed by external auditors. During the year under review, the Group is required to pay an aggregate of approximately HK$2,096,000 to the external auditor for the services including audit and non-audit services.

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue its business. Accordingly, the Board has prepared the financial statements of the Group on a going concern basis.

CORPORATE GOVERNANCE REPORT

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Group's annual and interim reports, price sensitive announcements and financial disclosures required under the Listing Rules, and reports to the regulators as well as information required to be disclosed pursuant to statutory requirements.

Internal Control

The Board has conducted annual review on the system of internal control of the Group and its effectiveness covering the financial, operational, human resources and administration, compliance controls and risk management functions. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets.

Conclusion

The Group strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest and the management will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure the compliance with the provisions of the CG Code.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr. Lam Chi Ho (林志豪), aged 53, is the co-founder, the Chairman and the shareholder of our Group. Mr. Lam was appointed as an Executive Director on 16 November 2005. He is responsible for the overall strategic and corporate planning, business development and general management of the Group since the incorporation of Fittec HK. He has more than 25 years of experience in manufacturing, sales and marketing in the electronics industry. Prior to the establishment of Fittec HK, he was a manager in other companies responsible for sales and marketing, global procurement, manufacturing, purchasing and contract negotiations. Mr. Lam is the husband of Ms. Sun Mi Li.

Ms. Sun Mi Li (孫明莉), aged 47, is the Director of our Group. Ms. Sun was appointed as an Executive Director on 16 November 2005. Ms. Sun has been significantly involved in the administration and management of Fittec HK since its incorporation. She leads the accounting and finance department and supervises the outgoing banking facilities, payments or other financial and accounting related matters. She was appointed as the Director of Fittec HK in February 2003. Ms. Sun provides guidance on finance, logistics, human resources issues and administrative matters since the Company was established. Prior to the appointment, Ms. Sun was working in various industries in the areas of sales and marketing and finance for 17 years. Ms. Sun is the spouse of Mr. Lam Chi Ho.

Mr. Tsuji Tadao (辻忠雄), aged 64, is the general manager of the sales and marketing department. Mr. Tsuji was appointed as an Executive Director of our Group on 16 November 2005. He joined our Group as a business consultant in May 2002, and was promoted to the current position in August 2004. Mr. Tsuji is responsible for liaising with Japanese customers and directing and supervising the sales and marketing department. Prior to joining our Group, he worked for Matsushita Electric Industrial Company Limited in Japan for 40 years and was responsible for various managerial duties. Mr. Tsuji is a qualified internal auditor upon his successful completion of the course of Internal Auditors for ISO 9000 series in 1995.

Independent Non-Executive Directors

Mr. Chung Wai Kwok, Jimmy (鍾維國), aged 61, was appointed as an Independent Non-Executive Director of our Group on 16 November 2005. He was the President of the Association of Chartered Certified Accountants (ACCA) Hong Kong Branch for the year 2005/2006. He has over 20 years of experience in financial advisory, taxation and management and was a partner of PricewaterhouseCoopers until June 2005. In October 2005, he joined a professional consulting firm, Russell Bedford Hong Kong Limited, as Director – Tax & Business Advisory.

Mr. Chung is a member of Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Association of Chartered Certified Accountants (ACCA). He is also currently an Independent Non-Executive Director of Lee Kee Holdings Limited, Tradelink Electronic Commerce Limited and Fook Woo Group Holdings Limited, all of which are listed on The Stock Exchange of Hong Kong Limited; and China World Trade Center Company Limited, listed on the Shanghai Stock Exchange.

Mr. Xie Bai Quan (謝百泉), aged 67, was appointed as an Independent Non-Executive Director of our Group on 16 November 2005. He has over 20 years of experience working in various governmental departments in the PRC. Prior to his retirement in early 2005, he was a member of the Congress for the City of Shenzhen from 2003 to 2005, secretary of commission of the Shenzhen Futian District government from 2000 to 2003, and chairman of the Shenzhen Futian District government from 1997 to 2002. He also held important roles in provincial and district government in Shenzhen Baoan District and Hainan and Guangdong provinces from 1983 to 1997. He graduated from Guangdong Zhongshan University in 1967, and was an engineer.

Mr. Tam Wing Kin (譚榮健), aged 46, was appointed as an Independent Non-Executive Director of our Group on 1 January 2009. He is currently the Chief Financial Officer of Unicorn Studios. He is also an Independent Non-Executive Director of China Post E-commerce (Holdings) Limited. He was a qualified accountant and company secretary of Imagi International Holdings Limited from August 2007 to December 2009. He was an Executive Director of Tomorrow International Holdings Limited from February 2000 to August 2007. He is a member of the Chartered Institute of Management Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (Practising) with over 20 years of experience in the accounting field.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

All the Executive Directors of the Company are respectively responsible for the various aspects of the business and operation of the Group. These Executive Directors of the Company are regarded as the members of the senior management team of the Group.

DIRECTORS' REPORT

The Director present their annual report and the audited consolidated financial statements for the year ended 30 June 2011.

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 30 June 2011 are set out in the consolidated statement of comprehensive income on page 26.

No interim dividend was paid to the shareholders during the year. The directors do not recommend the payment of a final dividend.

Property, Plant and Equipment

Details of the movements during the year in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

Share Capital

Details of the Company's share capital are set out in note 28 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 Company's listed securities.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 30 June 2011 amounted to approximately HK$547,069,000 (2010: HK$557,594,000), which comprises the contributed surplus of approximately HK$514,642,000 (2010: HK$514,642,000) and accumulated profits of approximately HK$32,427,000 (2010: HK$42,952,000).

Under the Companies Law (1998 Revision) of the Cayman Islands, the contributed surplus is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to payoff its debts as they fall due in the ordinary course of business.

DIRECTORS' REPORT

Directors

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

Executive Directors

Lam Chi Ho
Sun Mi Li
Tsuji Tadao

Independent Non-executive Directors

Chung Wai Kwok, Jimmy
Xie Bai Quan
Tam Wing Kin

In accordance with Articles 86 and 87 of the Company's Article of Associations, Lam Chi Ho and Chung Wai Kwok, Jimmy will retire by rotation, and being eligible, offer themselves for re-election as Directors at the forth coming annual general meeting.

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 Rules Governing the Listing Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all the Independent Non-Executive Directors independent.

Directors' Service Contracts

Each of the Executive Directors of the Company entered into a service contract with the Company for a term of three years commencing 15 November 2005, and which would continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing.

Each of the Independent Non-Executive Directors of the Company entered into a letter of appointment with the Company and was appointed for a period of two years commencing 15 November 2009 subject to retirement by rotation under the Company's Article of Associations.

These service contracts may be terminated by either party by notice in writing to the Company.

Directors' Interests in Shares and Underlying Shares

At 30 June 2011, the interests of the directors, the chief executives and their associates in the shares, underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

Ordinary shares of HK$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Lam Chi Ho ("Mr. Lam")	Interest of a controlled corporation (note)	720,000,000	74.35%
Ms. Sun Mi Li	Family interest (note)	720,000,000	74.35%

Note: These securities are registered in the name of and beneficially owned by Fittec Holdings Limited ("Fittec Holdings"), a company incorporated in the British Virgin Islands. The entire issued share capital of Fittec Holdings is beneficially owned by Mr. Lam. Accordingly, Mr. Lam is deemed to be interested in 720,000,000 shares held by Fittec Holdings under the SFO. Ms. Sun Mi Li, the spouse of Mr. Lam, is deemed to be interested in the same shares.

Other than the holdings disclosed above, none of the directors, the chief executive and their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2011.

Share Options

Particulars of the Company's share option scheme are set out in note 29 to the consolidated financial statements.

No share options are outstanding in the current and prior year.

The following table discloses movements in the Company's share options during the year ended 30 June 2010.

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.7.2009	Lapsed during the year	Outstanding at 30.6.2010
Directors	23.4.2007	23.4.2008 to 22.4.2010	0.97	1,674,000	(1,674,000)	–
Employees	23.4.2007	23.4.2008 to 22.4.2010	0.97	4,262,000	(4,262,000)	–
				5,936,000	(5,936,000)	–

The closing price of the Company's shares immediately before 23 April 2007, the date the options were granted, was HK$0.94 per share.

Arrangements to Purchase Shares or Debentures

Other than as disclosed under the heading "Share Options" above, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement 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 contract of significance, to which the Company, its ultimate holding company or any of its fellow subsidiaries or 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.

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that at 30 June 2011, the following shareholders had notified the Company of their relevant interests and short position in the issued share capital of the Company.

Long positions

Ordinary shares of HK$0.1 each of the Company

		Number of issued ordinary shares held			Percentage of the issued	
Name of shareholders	**Capacity**	**Direct interest**	**Deemed interest**	**Total interest**	**share capital of the Company**	Notes
Fittec Holdings	Beneficial owner	720,000,000	–	720,000,000	74.35%	a
Mr. Lam	Interest of a controlled corporation	–	720,000,000 (through 100% corporate interest in Fittec Holdings)	720,000,000	74.35%	a
Ms. Sun Mi Li	Family interest	–	720,000,000 (through 100% family interest in Fittec Holdings)	720,000,000	74.35%	b

Notes:

(a) These shares are owned by Fittec Holdings, the issued share capital of which is wholly owned by Mr. Lam.

(b) Ms. Sun Mi Li is the wife of Mr. Lam. Her shareholding in the above table is the family interest of Mr. Lam.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2011.

Emolument Policy

The emolument policy of 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.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the Scheme are set out in note 29 to the consolidated financial statements.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers comprised approximately 98.1% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 82.7% of the Group's total sales for the year.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 33.1% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 29.1% of the Group's total purchases for the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 30 June 2011.

Donations

During the year, the Group made charitable donations of HK$150,000.

Auditor

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

On behalf of the Board

Lam Chi Ho
Chairman
22 September 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF FITTEC INTERNATIONAL GROUP LIMITED
奕達國際集團有限公司
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fittec International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 65, which comprise the consolidated statement of financial position as at 30 June 2011, and the 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 information.

Directors' Responsibility for the Consolidated Financial Statements

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

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 our agreed terms of engagement, 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 about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	7	**1,813,879**	2,678,535
Cost of sales		**(1,774,350)**	(2,554,436)
Gross profit		**39,529**	124,099
Other income		**7,586**	13,732
Other gains and losses	8	**(10,037)**	(2,214)
Distribution costs		**(11,537)**	(9,630)
General and administrative expenses		**(88,263)**	(83,011)
Impairment loss recognised in respect of property, plant and equipment	16	**(12,545)**	–
Finance costs	9	**(1,079)**	(467)
(Loss) profit before tax		**(76,346)**	42,509
Income tax credit (expense)	10	**1,328**	(7,445)
(Loss) profit for the year	11	**(75,018)**	35,064
Other comprehensive income (expense)			
Exchange difference arising on translating foreign operations		**5,837**	(8,758)
Total comprehensive (expense) income for the year		**(69,181)**	26,306
(Loss) profit for the year attributable to:			
Owners of the Company		**(68,815)**	36,365
Non-controlling interests		**(6,203)**	(1,301)
		(75,018)	35,064
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(62,846)**	27,607
Non-controlling interests		**(6,335)**	(1,301)
		(69,181)	26,306
Basic and diluted (loss) earnings per share	15	**(HK$0.07)**	HK$0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	NOTES	2011 HK$'000	2010 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	16	**601,243**	584,806
Prepaid lease payment	17	**3,906**	4,410
Deposits for acquisition of property, plant and equipment	18	**962**	13,972
		606,111	603,188
Current assets			
Inventories	19	**138,509**	307,545
Trade and other receivables	20	**325,495**	452,870
Trade receivables factored with recourse	21	**–**	100,888
Prepaid lease payment	17	**96**	106
Restricted bank deposit	22	**7,196**	–
Bank balances and cash	22	**245,696**	212,218
		716,992	1,073,627
Current liabilities			
Trade and other payables	23	**247,893**	422,091
Advance drawn on trade receivables factored with recourse	21	**–**	100,888
Tax liabilities		**46,428**	54,784
Obligations under finance leases – due within one year	25	**4,347**	50
Unsecured bank borrowings	26	**18,355**	23,046
		317,023	600,859
Net current assets		**399,969**	472,768
Total assets less current liabilities		**1,006,080**	1,075,956
Non-current liabilities			
Obligations under finance leases – due after one year	25	**11,319**	–
Deferred taxation	27	**12,800**	15,130
		24,119	15,130
Net assets		**981,961**	1,060,826
Capital and reserves			
Share capital	28	**96,839**	96,839
Reserves		**892,758**	965,288
Equity attributable to owners of the Company		**989,597**	1,062,127
Non-controlling interests		**(7,636)**	(1,301)
Total equity		**981,961**	1,060,826

The consolidated financial statements on pages 26 to 65 were approved and authorised for issue by the Board of Directors on 22 September 2011 and are signed on its behalf by:

Lam Chi Ho
DIRECTOR

Sun Mi Li
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (note i)	Special reserve HK$'000 (note ii)	Share options reserve HK$'000	Exchange reserve HK$'000	Accumulated profits HK$'000	Total capital and reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2009	96,839	450,739	11,478	6,400	1,796	23,929	462,707	1,053,888	–	1,053,888
Profit for the year	–	–	–	–	–	–	36,365	36,365	(1,301)	35,064
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	(3,321)	–	(3,321)	–	(3,321)
Exchange differences on long term advances to a foreign operation	–	–	–	–	–	(5,437)	–	(5,437)	–	(5,437)
Total comprehensive income for the year	–	–	–	–	–	(8,758)	36,365	27,607	(1,301)	26,306
Release upon lapse of vested share options	–	–	–	–	(1,796)	–	1,796	–	–	–
Dividend paid (note 14)	–	–	–	–	–	–	(19,368)	(19,368)	–	(19,368)
At 30 June 2010	96,839	450,739	11,478	6,400	–	15,171	481,500	1,062,127	(1,301)	1,060,826
Loss for the year	–	–	–	–	–	–	(68,815)	(68,815)	(6,203)	(75,018)
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	7,226	–	7,226	(132)	7,094
Exchange differences on long term advances to a foreign operation	–	–	–	–	–	(1,257)	–	(1,257)	–	(1,257)
Total comprehensive expense for the year	–	–	–	–	–	5,969	(68,815)	(62,846)	(6,335)	(69,181)
Dividend paid (note 14)	–	–	–	–	–	–	(9,684)	(9,684)	–	(9,684)
At 30 June 2011	96,839	450,739	11,478	6,400	–	21,140	403,001	989,597	(7,636)	981,961

Notes:

(i) The contributed surplus represents the difference between the fair value of the underlying assets of a subsidiary acquired and the nominal value of the shares issued for the acquisition in December 2004.

(ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries acquired pursuant to a group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 2005.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(76,346)**	42,509
Adjustments for:		
Depreciation of property, plant and equipment	**83,917**	76,666
Finance costs	**1,079**	467
Impairment loss recognised on other receivables	**1,735**	–
Write-down of inventories	**5,282**	–
Impairment loss recognised in respect of property, plant and equipment	**12,545**	–
Reversal of impairment loss on trade receivables	**(268)**	–
Impairment loss recognised on trade receivables	**–**	3,385
Interest income	**(932)**	(188)
Loss (gain) on disposal of property, plant and equipment	**9,652**	(530)
Release of prepaid lease payments	**102**	263
Gain on disposal of prepaid lease payments	**–**	(130)
Operating cash flows before movements in working capital	**36,766**	122,442
Decrease (increase) in inventories	**164,236**	(134,539)
Decrease (increase) in trade and other receivables	**126,644**	(101,783)
(Decrease) increase in trade and other payables	**(174,478)**	64,678
Cash generated from (used in) operations	**153,168**	(49,202)
Income tax paid	**(9,358)**	(3,483)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**143,810**	(52,685)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(94,654)**	(51,444)
Increase in restricted bank deposit	**(7,196)**	–
Proceeds from disposal of property, plant and equipment	**5,913**	2,914
Interest received	**932**	188
Decrease in pledged bank deposit	**–**	2,202
Deposits for acquisition of property, plant and equipment	**–**	(13,972)
Proceeds from disposal of prepaid lease payments	**–**	17,899
NET CASH USED IN INVESTING ACTIVITIES	**(95,005)**	(42,213)
FINANCING ACTIVITIES		
Dividends paid	**(9,684)**	(19,368)
Repayment of bank borrowings	**(4,691)**	–
Repayment of obligations under finance leases	**(2,178)**	(430)
Interest paid	**(1,079)**	(467)
New bank borrowings raised	**–**	23,046
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(17,632)**	2,781
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**31,173**	(92,117)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**212,218**	303,700
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,305**	635
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**245,696**	212,218

1. General

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate and ultimate holding company is Fittec Holdings Limited ("Fittec Holdings"), a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr. Lam Chi Ho. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements are presented in Hong Kong dollars, while the functional currency of the Company is United States dollars. The Directors have selected Hong Kong dollars as the presentation currency because the shares of the Company are listed on the Stock Exchange.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

[1] Except for the amendments that are effective for annual periods beginning on or after 1 January 2011.

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. After the reassessment by the directors of the Company, the application of HKAS 17 does not affect the classification of the Group's leasehold land at 30 June 2010 and 2011.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contained a repayment on demand clause with the aggregate carrying amount of HK$18,346,000 at 30 June 2010 were reclassified from non-current liabilities to current liabilities. As at 30 June 2011, bank loans (that were repayable more than one year after the end of the reporting period but contained a repayment on demand clause) with the aggregate carrying amount of HK$13,598,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 6(b) for details).

Summary of the effects of the above changes in accounting policies

The effects of the above changes in accounting policies on the consolidated financial positions of the Group as at 30 June 2010 is as follows:

	As at 30 June 2010 (originally stated)	**Adjustment**	**As at 30 June 2010 (restated)**
	HK$'000	HK$'000	HK$'000
Unsecured bank borrowings – current	4,700	18,346	23,046
Unsecured bank borrowings – non-current	18,346	(18,346)	–
	23,046	–	23,046

The application of HK Int 5 has no impact on the consolidated financial position of the Group as at 1 July 2009 as all the Group's bank loans at that date were repayable within one year and had already classified as current liabilities. Accordingly, the consolidated statement of financial position as at 1 July 2009 is not presented.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for amendments to HKFRS 3 (as revised in 2008), HKAS 1 and HKAS 28[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interest in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentations of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[4]
HKAS 24 (Revised 2009)	Related Party Disclosures[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[4]
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures[4]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[1]

1 Effective for annual periods beginning on or after 1 January 2011.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of the 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 in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

3. Significant Accounting Policies (Continued)

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.

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 are presented separately from the Group's equity therein.

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 the non-controlling interests having a deficit balance. Prior to 1 July 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.

Revenue recognition

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

Service income is recognised when services are provided.

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

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

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance lease), held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Construction in progress represents property, plant and equipment in the course of construction for production purpose or for its own use. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified into the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the leases 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.

Operating lease payments are recognised as an expense on a straight-line basis over lease term. 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.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in the foreign operation in which case, such exchange differences are recognised in other comprehensive income in the consolidated financial statements, accumulated in the exchange reserve and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's 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 (the exchange 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 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, including state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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 and interests 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 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 tax rate (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 settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity respectively, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method.

Financial instruments

Financial assets and financial liabilities are recognised on 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 or 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 are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is 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 FVTPL

Financial assets at FVTPL of the Group comprise derivative financial instruments classified as held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition 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, trade receivables factored with recourse, restricted bank deposit and bank balances) are carried at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other 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 30 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 assets is reduced by the impairment loss directly for all financial assets 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 liabilites and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities including trade and other payables, advance drawn on trade receivables factored with recourse and unsecured bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

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.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are classified as financial assets or liabilities held for trading and 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition

Financial assets are derecognised only when the contractual 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 is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the Group's obligations 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

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 options 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, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

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

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. 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, 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 are required to make judgements, 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.

4. Key Sources of Estimation Uncertainty (Continued)

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 within the next financial year.

Estimated impairment loss on trade and other receivables

The policy for allowance for bad or doubtful debts of the Group is based on the evaluation of collectability of accounts and on management's estimate. In determining whether impairment is required, the Group takes into consideration the likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original interest rate and the carrying value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At 30 June 2011, the carrying amount of trade receivables, net of allowance for doubtful debts of HK$3,117,000 (2010: HK$3,385,000), was approximately HK$298,260,000 (2010: HK$419,250,000).

Write-down of inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is generally the merchandise's selling price quoted from the market for similar items. The Group reviews its inventories levels in order to identify slow moving and obsolete merchandise. When the Group identifies items of inventories which would not be used for future production or have market prices lower than their carrying amounts, the Group estimates an amount of write-down on inventories charged to profit or loss for the year. When the actual future cash flows are less than expected, a material write-down may arise. At the end of the reporting period, the Group recognised a write-down of inventories amounted to HK$5,282,000 (2010: Nil).

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners 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 debts, which include unsecured bank borrowings and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors review the capital structure regularly. As part of this review, the directors 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 the payment of dividends, new share issue and the issue of new debt or the repayment of existing debt.

6. Financial Instruments

a. Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Loan and receivables (including cash and cash equivalents)	**552,649**	739,400
Financial liabilities		
Amortised cost	**239,670**	522,825

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, unsecured bank borrowings and obligations under finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. 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

Currency risk

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of the relevant Group entities, including United States dollars, Japanese Yen, Vietnam Dong and Renminbi.

During the year ended 30 June 2011, the Group entered into forward foreign exchange contracts to cover the anticipated foreign currency exposures. These contracts were arranged mainly to hedge the currency fluctuation of Renminbi against USD of a group entity operated in the PRC. These contracts were arranged with maturities spread over the months from 2011 to 2012. Details of the outstanding forward foreign exchange contracts are listed in note 24.

The carrying amounts of the Group's foreign currency denominated monetary assets (including trade and other receivables and bank balances) and monetary liabilities (including trade and other payables and unsecured bank borrowings) at the reporting date are as follows:

	Assets		Liabilities	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong dollars	**23,093**	132,920	**39,679**	48,483
United States dollars	**10,127**	25,451	**–**	138
Japanese Yen	**344**	6,337	**9,493**	3,914
Renminbi	**4,231**	5,364	**4,988**	12,070

6. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The following table details the Group's sensitivity to a 5% (2010: 5%) increase or decrease in the value of the functional currency against the relevant foreign currencies. 5% (2010: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items but excludes monetary items denominated in United States dollars and Hong Kong dollars for entities with Hong Kong dollars and United States dollars as functional currencies respectively as the Directors consider that the Group's exposure to United States dollars and Hong Kong dollars is insignificant on the ground that Hong Kong dollars is pegged to United States dollars. The sensitivity analysis adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rates.

	Japanese Yen Impact		**Renminbi Impact**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
5% increase in the value of the functional currency				
Decrease in post-tax loss for the year	**420**	–	**35**	–
(Decrease) increase in post-tax profit for the year	**–**	(111)	**–**	308
5% decrease in the value of the functional currency				
Increase in post-tax loss for the year	**(420)**	–	**(35)**	–
Increase (decrease) in post-tax profit for the year	**–**	111	**–**	(308)

The Group is also exposed to currency risk relating to inter-company amounts due from/to a group entity operated in the Vietnam, which are denominated in currencies other than the functional currency of the relevant group entities. When USD strengthens 5% (2010: 5%) against the relevant foreign currency, other comprehensive income of the Group will decrease by HK$3,120,000 (2010: HK$4,389,000) and vice versa.

For the forward foreign exchange contracts, the sensitivity analysis has been estimated based on the contracts outstanding at the end of respective reporting periods. If the forward exchange rate of USD against Renminbi changes by 5%, the potential effect on post-tax loss for the year, as a result of the changes in the market ask foreign currency forward exchange rate of USD against Renminbi is as follows:

	2011	2010
	HK$'000	HK$'000
USD strengthens against Renminbi by 5%		
Increase in post-tax loss for the year	**5,532**	–
USD weakens against Renminbi by 5%		
Decrease in post-tax loss for the year	**(5,532)**	–

In management's opinion, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risks in relation to its finance lease obligations and unsecured bank borrowings which carry variable interest rate in current year, and exposed to both fair value and cash flow interest rate risks in relation to its finance lease obligations, unsecured bank borrowings and advance drawn on trade receivables factored with recourse which carry fixed interest rate or variable interest rate respectively in prior year. The Group is also exposed to cash flow interest rate risk on its bank balances because these balances carry interest at prevailing rates and they are of short maturity.

The Group's exposure to fair value interest rate risk in relation to finance lease obligations was insignificant in prior year.

The Group's exposure to fair value interest rate risk in relation to restricted bank deposit was insignificant in the current year.

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank deposits, finance lease obligations, unsecured bank borrowings and advance drawn on trade receivables factored with recourse at the end of the reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. 50 basis point increase or 5 basis point decrease (2010: 50 basis point increase or decrease) for bank balances and deposits, and 50 basis point increase or decrease for finance lease obligations, unsecured bank borrowings and advance drawn on trade receivables, represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/5 basis points lower (2010: 50 basis points higher/lower) for bank balances and deposits, and all other variables were held constant, the Group's post-tax loss for the year would decrease by HK$790,000/increase by HK$79,000 (2010: post-tax profit for the year increase/decrease by HK$171,000).

If interest rate had been 50 basis points higher/lower for finance lease obligations, unsecured bank borrowings and advance drawn on trade receivables factored with recourse, and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by HK$156,000 (2010: post-tax profit for the year decrease/increase by HK$569,000).

6. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

As at 30 June 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has a significant concentration of credit risk on two customers which accounted for approximately 89% of its total trade receivables at 30 June 2011 (95% at 30 June 2010). An analysis of the amounts due from these two customers at the end of the reporting period is as follows:

	% of total trade receivables	
	At 30.6.2011	At 30.6.2010
Customer A	**67**	83
Customer B	**22**	12

In order to minimise the credit risk, management of the Group has delegated a team of staff members responsible for determination of credit limits, credit approvals and other monitoring procedures for all its customers and in particular, its two largest customers to ensure that follow-up action is taken to recover overdue debt. Customer A and Customer B are listed entities in Japan and Taiwan respectively, and they are well-known manufacturers of high technology electronic products in the world which have good credit rating and have good repayment history. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the end of the reporting period.

No liquidity analysis for the Group's derivative financial liabilities is presented at the end of each reporting periods as the cash flows on derivative instruments with net-settled basis is insignificant.

6. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average effective interest rate	On demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30 June 2011 HK$'000
2011							
Non-derivative financial liabilities							
Trade and other payables	–	94,634	106,286	20,395	–	221,315	221,315
Obligations under finance leases							
– floating rate	2.20%	387	775	3,487	11,643	16,292	15,666
Unsecured bank borrowings							
– floating rate	2.43%	18,355	–	–	–	18,355	18,355
		113,376	107,061	23,882	11,643	255,962	255,336
Unsecured bank borrowings							
– floating rate*	2.43%	431	861	3,856	14,071	19,219	18,355

	Weighted average effective interest rate	On demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30 June 2010 HK$'000
2010 (restated)							
Non-derivative financial liabilities							
Trade and other payables	–	181,178	201,746	15,967	–	398,891	398,891
Advance drawn on trade receivables							
factored with recourse	1.48%	1,177	73,049	27,330	–	101,556	100,888
Obligations under finance leases							
– fixed rate	4.75%	17	25	9	–	51	50
Unsecured bank borrowings							
– floating rate	2.41%	23,046	–	–	–	23,046	23,046
		205,418	274,820	43,306	–	523,544	522,875
Unsecured bank borrowings							
– floating rate*	2.41%	436	871	3,948	18,999	24,254	23,046

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

6. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 30 June 2011 and 30 June 2010, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$18,355,000 and HK$23,046,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates disclosed above.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if change in variable interest rates differ to those estimates of interest rate determined at the end of the reporting period.

c. Fair value

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

- the fair values of the forward foreign exchange contracts have been arrived at using the forward rates of similar instruments as at the end of each reporting period; and

- the fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of the Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. Revenue and Segment Information

Revenue

Revenue represents revenue arising on sales of printed circuit boards and related products and rendering of services on assembly, repair and maintenance for the year. An analysis of the Group's revenue for the year is as follows:

	2011 **HK$'000**	2010 HK$'000
Sales of goods	**1,479,857**	2,351,964
Rendering of services	**334,022**	326,571
	1,813,879	2,678,535

7. Revenue and Segment Information (Continued)

Segment information

The Group has adopted HKFRS 8 Operating Segments, which 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 in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Company's executive directors.

For management purposes, the Group is currently organised into the following major divisions: the provision of (i) pure assembly services; (ii) procurement and assembly services and (iii) repair and maintenance services; all for printed circuit boards and related products. These divisions are the basis on which information reported to the executive directors to allocate resources and to assess the performance.

	2011	2010
	HK$'000	HK$'000
Results		
Segment revenue		
Pure assembly services	**324,573**	318,423
Procurement and assembly services	**1,479,857**	2,351,964
Repair and maintenance services	**9,449**	8,148
	1,813,879	2,678,535
Segment results		
– Pure assembly services (Note)	**(20,117)**	34,470
– Procurement and assembly services	**34,415**	85,632
– Repair and maintenance services	**1,299**	612
	15,597	120,714
Unallocated corporate expenses	**(98,450)**	(92,641)
Unallocated other income	**7,586**	14,903
Finance costs	**(1,079)**	(467)
(Loss) profit before tax	**(76,346)**	42,509

7. Revenue and Segment Information (Continued)

Segment information (Continued)

The segment revenues are all from external customers and there are no inter-segment sales for both years.

Note: The segment result of the pure assembly services segment for the year ended 30 June 2011 included the impairment loss recognised on property, plant and equipment of HK$12,545,000 (2010: Nil), the loss on disposal of property, plant and equipment of HK$9,652,000 (2010: Nil), the write-down of certain categories of inventory of HK$5,282,000 (2010: Nil) and the impairment loss recognised on trade and other receivables of HK$1,735,000 (2010: HK$3,385,000).

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of other income, other gains and losses (excluding the items described in the above note), distribution costs, general and administrative expenses and finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2011	2010
	HK$'000	HK$'000
HDD Controllers	**1,044,584**	1,824,185
LCD TV Controllers	**455,858**	485,939
PC Motherboards	**253,918**	207,275
Others	**59,519**	161,136
	1,813,879	2,678,535

Geographical segments

An analysis of the Group's revenue by geographical market, irrespective of the origins of the goods, is presented based on the shipment destination of the customers as below:

	2011	2010
	HK$'000	HK$'000
Japan	**1,527,063**	2,413,144
Taiwan	**198,552**	176,293
PRC	**38,106**	63,928
Others	**50,158**	25,170
	1,813,879	2,678,535

Analysis of segment assets and liabilities has not been presented as it is not regularly reviewed by the chief operating decision maker.

7. Revenue and Segment Information (Continued)

Segment information (Continued)

Geographical segments (Continued)

The Group's non-current assets by geographical location of the assets is detailed below:

	2011 HK$'000	2010 HK$'000
PRC	440,116	472,394
Hong Kong	10,113	24,682
Vietnam	96,261	92,272
Thailand	59,621	13,840
	606,111	603,188

Information about major customers

Revenue from a major customer contributing over 10% of the total sales of the Group were total HK$1,500,441,000 (2010: HK$2,307,531,000) in which HK$1,479,818,000 (2010: HK$2,307,531,000) and HK$20,623,000 (2010: Nil) were derived correspondingly from the procurement and assembly services segment and pure assembly services segment.

8. Other Gains and Losses

	2011 HK$'000	2010 HK$'000
(Loss) gain on disposal of property, plant and equipment	(9,652)	530
Gain on disposal of prepaid lease payments	–	130
Net foreign exchange gain	1,082	511
Impairment loss recognised on other receivables	(1,735)	–
Reversal of impairment loss on trade receivables	268	–
Impairment loss recognised on trade receivables	–	(3,385)
	(10,037)	(2,214)

9. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on borrowings wholly repayable within five years		
– bank borrowings	898	446
– finance leases	181	21
	1,079	467

10. Income Tax (Credit) Expense

	2011 HK$'000	2010 HK$'000
The (credit) charge comprises:		
Current tax:		
Hong Kong Profits Tax	**290**	9,015
PRC Enterprise Income Tax	**692**	–
Underprovision in prior years:		
PRC Enterprise Income Tax	**20**	–
Deferred taxation (note 27)	**(2,330)**	(1,570)
	(1,328)	7,445

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the assessable profit for both years. In the opinion of the directors, based on the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, Fittec Electronics Company Limited ("Fittec Electronics"), a subsidiary of the Company, is entitled to 50% relief from Hong Kong Profits Tax.

One of the subsidiaries in Hong Kong is negotiating with the Inland Revenue Department of Hong Kong regarding taxability of its profits in prior years. In the opinion of the directors, sufficient tax provision has been made by the subsidiary in the prior years and no additional tax provision is required.

PRC

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law"), which was effective from 1 January 2008, the PRC income tax rate for both domestic and foreign investment enterprises was unified at 25% effective from 1 January 2008. Under the transitional provision granted by the relevant tax authorities, certain of the Group's PRC subsidiaries that were subject to a PRC income tax rate lower than 25% continued to enjoy the lower PRC income tax rate and gradually transited to the new PRC income tax rate within five years after the effective date of the EIT Law.

For those subsidiaries located in the Shenzhen Free Trade Zone, the PRC, according to the EIT Law and the relevant circular which was effective on 1 January 2008, the income tax rate was 18% with effect from 1 January 2008 and gradually increased to 20%, 22%, 24% and 25% with effect from 1 January 2009, 2010, 2011 and 2012 respectively.

Pursuant to the relevant laws and regulations in the PRC, two subsidiaries located in Suzhou are entitled to full exemption from PRC Enterprise Income Tax for two years commencing from their respective first profit-making year of operation and thereafter, are entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. As these two Suzhou subsidiaries had incurred losses for the years ended 30 June 2010 and 2011, no provision for PRC Enterprise Income Tax was made for both years.

Vietnam

In accordance with the relevant tax rules and regulations in Vietnam, the Group's subsidiary in Vietnam is entitled to a corporate income tax exemption for three years from the first profit making year and a reduction of 50% for seven years thereafter. As of 30 June 2011, this subsidiary had not yet generated any assessable profit. Accordingly, no provision for Vietnam corporate income tax was made for both years.

Thailand

In accordance with the relevant rules and regulations in Thailand, the Group's Thailand subsidiary is entitled to income tax exemption for a period of eight years from the date it first generates income. This subsidiary has generated assessable income for the year ended 30 June 2011. However, no provision for Thailand income tax has been made for the year ended 30 June 2011 as the Group's subsidiary enjoys income tax exemption.

10. Income Tax (Credit) Expense (Continued)

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

	2011 HK$'000	2010 HK$'000
(Loss) profit before tax	**(76,346)**	42,509
Tax at the Hong Kong Profit Tax rate of 16.5%	**(12,597)**	7,014
Tax effect of expenses not deductible for tax purposes	**6,610**	2,747
Tax effect of income not taxable for tax purposes	**(300)**	(26)
Hong Kong tax relief	**–**	(9,015)
Tax effect of tax losses not recognised	**5,644**	6,725
Utilisation of tax losses previously not recognised	**(797)**	–
Underprovision in prior years	**20**	–
Effect of different tax rate of group entities operating in jurisdictions other than Hong Kong	**452**	–
Effect of tax holidays granted	**(360)**	–
Taxation (credit) charge for the year	**(1,328)**	7,445

11. (Loss) Profit for the Year

	2011 HK$'000	2010 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' emoluments (note 12)	**7,890**	7,670
Other staff costs	**184,670**	162,603
Retirement benefits scheme contributions (excluding contributions in respect of Directors)	**6,505**	5,950
Total staff costs	**199,065**	176,223
Auditor's remuneration	**1,440**	1,480
Depreciation of property, plant and equipment	**83,917**	76,666
Release of prepaid lease payments	**102**	263
Cost of inventories recognised as an expense (including write-down of inventories of HK$5,282,000 (2010: Nil))	**1,450,725**	2,200,528
Interest income	**(932)**	(188)
Rework charges to customers (included in other income)	**(4,660)**	(6,972)
Sales of tools (included in other income)	**(7)**	(6,572)

12. Directors' Emoluments

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

	Lam Chi Ho HK$'000	Sun Mi Li HK$'000	Tsuji Tadao HK$'000	Xie Bai Quan HK$'000	Chung Wai Kwok, Jimmy HK$'000	Tam Wing Kin HK$'000	Total HK$'000
2011							
Fees	**–**	**–**	**910**	**150**	**300**	**120**	**1,480**
Other emoluments:							
Salaries and other benefits	**3,026**	**2,524**	**324**	**–**	**–**	**–**	**5,874**
Discretionary bonus	**230**	**192**	**90**	**–**	**–**	**–**	**512**
Retirement benefits scheme contributions	**12**	**12**	**–**	**–**	**–**	**–**	**24**
Total emoluments	**3,268**	**2,728**	**1,324**	**150**	**300**	**120**	**7,890**
2010							
Fees	–	–	958	150	300	120	1,528
Other emoluments:							
Salaries and other benefits	2,956	2,465	195	–	–	–	5,616
Discretionary bonus	226	188	88	–	–	–	502
Retirement benefits scheme contributions	12	12	–	–	–	–	24
Total emoluments	3,194	2,665	1,241	150	300	120	7,670

No directors waived any emoluments for the years ended 30 June 2011 and 2010.

13. Employees' Emoluments

The five highest paid individuals of the Group included three directors (2010: three directors), details of which are set out above. The emoluments of the remaining two individuals (2010: two individuals) were as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries and allowances	**1,244**	1,220
Bonus	**114**	116
Retirement benefits scheme contributions	**24**	24
	1,382	1,360

13. Employees' Emoluments (Continued)

Their emoluments were within the following band:

	2011 No. of employees	2010 No. of employees
Nil to HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. Dividend Paid

	2011 HK$'000	2010 HK$'000
Dividend recognised as distribution during the year:		
Final dividend paid for 2010 – HK$0.01 (2010: final dividend for 2009 – HK$0.02) per share	**9,684**	19,368

No dividend was proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: HK$0.01 per share).

15. Basic and Diluted (Loss) Earnings Per Share

The calculation of the basic and diluted (loss) earnings per share for the year ended 30 June 2011 is based on the loss attributable to owners of the Company of HK$68,815,000 (2010: profit of HK$36,365,000) and the number of 968,394,000 (2010: 968,394,000) shares in issue.

No computation of diluted loss per share for the year ended 30 June 2011 as there is no share options outstanding during the year or at the end of the reporting period.

The computation of diluted earnings per share for the year ended 30 June 2010 did not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the shares.

16. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 July 2009	2,570	19,731	161,947	12,568	75,425	655,498	55,271	983,010
Exchange realignment	(2,007)	(14)	–	(75)	(43)	(4,899)	(2,204)	(9,242)
Additions	11,548	1,487	1,863	492	6,876	31,969	592	54,827
Transferred from CIP	31,595	–	20,597	–	325	875	(53,392)	–
Disposals	–	–	–	–	(728)	(30,630)	–	(31,358)
At 30 June 2010	43,706	21,204	184,407	12,985	81,855	652,813	267	997,237
Exchange realignment	(4,080)	497	4,509	245	1,037	5,168	4	7,380
Additions	3,860	454	12,464	1,229	9,745	97,607	99	125,458
Transferred from CIP	–	–	370	–	–	–	(370)	–
Disposals	–	–	–	(863)	(104)	(19,089)	–	(20,056)
At 30 June 2011	**43,486**	**22,155**	**201,750**	**13,596**	**92,533**	**736,499**	**–**	**1,110,019**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 July 2009	312	10,750	23,263	5,906	42,411	282,298	–	364,940
Exchange realignment	(48)	(1)	–	(7)	(4)	(141)	–	(201)
Provided for the year	1,090	2,911	14,754	2,011	9,969	45,931	–	76,666
Eliminated on disposals	–	–	–	–	(491)	(28,483)	–	(28,974)
At 30 June 2010	1,354	13,660	38,017	7,910	51,885	299,605	–	412,431
Exchange realignment	(156)	351	1,533	115	644	1,887	–	4,374
Provided for the year	979	2,090	17,853	1,966	10,014	51,015	–	83,917
Eliminated on disposals	–	–	–	(756)	(78)	(3,657)	–	(4,491)
Impairment loss recognised in profit or loss	–	303	10,509	–	460	1,273	–	12,545
At 30 June 2011	**2,177**	**16,404**	**67,912**	**9,235**	**62,925**	**350,123**	**–**	**508,776**
CARRYING AMOUNT								
At 30 June 2011	**41,309**	**5,751**	**133,838**	**4,361**	**29,608**	**386,376**	**–**	**601,243**
At 30 June 2010	42,352	7,544	146,390	5,075	29,970	353,208	267	584,806

The leasehold land and buildings are in Hong Kong under medium-term leases. In the opinion of the directors, allocation between the land and building elements could not be made reliably.

16. Property, Plant and Equipment (Continued)

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

Leasehold land and buildings	Shorter of 2% or the lease terms
Furniture and fixtures	20%
Leasehold improvements	Shorter of 10% or the lease terms
Motor vehicles	20%
Office equipment	20%
Plant and machinery	Shorter of 7.5% to 20% or finance lease terms

In light of the changes in technologies and market conditions, management critically reviewed the Group's production capacity and inventory mix during the year ended 30 June 2011 and concluded that (i) certain production facilities in a PRC plant had become excessive and obsolete and (ii) certain categories of raw material inventory would no longer be used for future production. The carrying amount of property, plant and equipment should be reduced to their recoverable amount based on the fair value less cost to sell in which the fair value is reference to the recent market evidence of transaction prices for similar items and inventories should be reduced to their estimated realisable value. Accordingly, impairment losses of approximately HK$12,545,000 and HK$5,282,000 were recognised against property, plant and equipment and inventory, respectively, in the consolidated statement of comprehensive income for the year ended 30 June 2011.

The carrying amount of plant and machinery at 30 June 2011 included an amount of HK$15,587,000 (2010: HK$130,000) in respect of assets held under finance leases.

17. Prepaid Lease Payment

	2011	2010
	HK$'000	HK$'000
The Group's prepaid lease payment comprise leasehold land held under medium lease in Vietnam	**4,002**	4,516
Analysed for reporting purposes as:		
Current assets	**96**	106
Non-current assets	**3,906**	4,410
	4,002	4,516

18. Deposits for Acquisition of Property, Plant and Equipment

The deposits were made in connection with the acquisition of property, plant and equipment which were not yet delivered to the Group at the end of the respective reporting periods.

19. Inventories

	2011	2010
	HK$'000	HK$'000
Raw materials	**92,697**	205,922
Work in progress	**15,456**	29,761
Finished goods	**30,356**	71,862
	138,509	307,545

20. Trade and Other Receivables

	2011	2010
	HK$'000	HK$'000
Trade receivables	**301,377**	422,635
Less: allowance for doubtful debts	**(3,117)**	(3,385)
	298,260	419,250
Prepayments	**6,837**	11,010
Deposits and other receivables	**20,398**	22,610
Trade and other receivables	**325,495**	452,870

The Group allows credit periods ranging from 30 to 120 days to its trade customers. The following is an aged analysis of the Group's trade receivables, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	HK$'000
0-30 days	**110,328**	72,914
31-60 days	**121,115**	225,700
61-90 days	**44,019**	90,953
91-120 days	**17,144**	26,374
121-180 days	**4,445**	215
181-365 days	**964**	3,094
Over 365 days	**245**	–
Trade receivables	**298,260**	419,250

20. Trade and Other Receivables (Continued)

At the end of the reporting period, the Group's trade and other receivables that were denominated in currencies other than the functional currency of the relevant entities are set out below:

	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**56**	4,771
United States dollars	**5,479**	1,751
Japanese Yen	**–**	18
Renminbi	**1,766**	1,976
	7,301	8,516

Before accepting any new customers, the Group uses an internal credit assessment process to assess the potential customers' credit quality and defines credit limits by customers. Limits attributed to customers are reviewed regularly. 97.1% (2010: 98.4%) of the trade receivables that were neither past due nor impaired at 30 June 2011 have good repayment history.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$5,654,000 (2010: HK$3,309,000) which were past due at the reporting date but for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 150 days (2010: 120 days).

Ageing of trade receivables which were past due but not impaired

	2011 HK$'000	2010 HK$'000
121 – 180 days	**4,445**	215
181 – 365 days	**964**	3,094
Over 365 days	**245**	–
	5,654	3,309

The above trade debtors are related to customers that have good repayment history. Management believes that no allowances for impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality of these customers and the balances are still considered to be fully recoverable.

Movement in the allowance for doubtful debts

	2011 HK$'000	2010 HK$'000
Balance at beginning of the year	**3,385**	–
Impairment loss reversed	**(268)**	–
Impairment loss recognised on trade receivables	**–**	3,385
Balance at end of the year	**3,117**	3,385

The directors of the Company considered that it was not probable to recover the trade receivables of HK$3,385,000 which were past due and an impairment loss was recognised to profit or loss for the year ended 30 June 2010 (2011: Nil).

21. Trade Receivables Factored with Recourse/advance Drawn on Trade Receivables Factored with Recourse

The amounts in prior year represented trade receivables factored to a bank with recourse with a maturity period of less than 120 days. The Group retains all the risks and rewards of such factored trade receivables and accordingly, the Group continued to recognise the full amount as trade receivables. For the year ended 30 June 2010, the effective interest rate was charged at 1.125% per annum over London Interbank Offered Rates.

22. Bank Balances and Cash/Restricted Bank Deposit

Bank balances and cash comprise cash held by the Group and short-term bank deposits bearing at market interest rate and have original maturity of three months or less. The effective interest rates on short-term bank deposits ranged from 0.01% to 0.95% (2010: 0.10% to 0.98%) per annum.

Restricted bank deposit represents deposit placed in a financial institution for entering into forward foreign exchange contracts with the relevant financial institution. The restricted deposit carries fixed interest rate of 3.1% per annum.

At the end of the reporting period, the Group's bank balances and cash that were denominated in currencies other than the functional currency of the relevant entities, are set out below:

	2011	2010
	HK$'000	HK$'000
Hong Kong dollars	**23,038**	128,149
United States dollars	**4,648**	23,700
Japanese Yen	**344**	6,319
Renminbi	**2,465**	3,388
	30,495	161,556

23. Trade and Other Payables

	2011	2010
	HK$'000	HK$'000
Trade payables	**219,274**	398,414
Accruals and other payables	**28,619**	23,304
Payables for acquisition of property, plant and equipment	**–**	373
	247,893	422,091

23. Trade and Other Payables (Continued)

The credit periods for purchase of goods ranging from 30 to 90 days. The aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period are as follows:

	2011	2010
	HK$'000	HK$'000
0-30 days	**92,592**	180,853
31-60 days	**82,458**	161,323
61-90 days	**23,828**	40,423
91-180 days	**13,767**	13,949
181-365 days	**6,629**	1,866
	219,274	398,414

At the end of the reporting period, the Group's trade and other payables that were denominated in currencies other than the functional currency of the relevant entities are set out below:

	2011	2010
	HK$'000	HK$'000
Hong Kong dollars	**21,325**	25,437
United States dollars	**–**	138
Japanese Yen	**9,493**	3,914
Renminbi	**4,988**	12,070
	35,806	41,559

24. Derivative Financial Instruments

The Group enters into forward foreign exchange contracts to cover the anticipated foreign currency exposures. The Group is a party to a number of forward foreign exchange contracts in the management of its exchange rate exposures.

The directors of the Company consider that the fair value of the forward foreign exchange contracts as at 30 June 2011 is approximately equal to the amounts at the time of inception of the contracts entered and the amount involved is insignificant.

24. Derivative Financial Instruments (Continued)

At 30 June 2011, the details of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

Buy	Sell	Notional amount US$	Maturity	Contracted exchange rate (per US$1)
Renminbi	USD	2,000,000	17 May 2011 to 20 October 2011	Renminbi 6.3991
Renminbi	USD	2,000,000	17 May 2011 to 18 November 2011	Renminbi 6.3854
Renminbi	USD	2,000,000	17 May 2011 to 19 December 2011	Renminbi 6.3715
Renminbi	USD	2,000,000	17 May 2011 to 20 January 2012	Renminbi 6.3572
Renminbi	USD	2,000,000	17 May 2011 to 21 February 2012	Renminbi 6.3441
Renminbi	USD	2,000,000	17 May 2011 to 19 March 2012	Renminbi 6.3334
Renminbi	USD	1,500,000	17 May 2011 to 19 April 2012	Renminbi 6.3205
Renminbi	USD	2,000,000	17 May 2011 to 11 May 2012	Renminbi 6.3076

There were no forward foreign exchange contracts outstanding at 30 June 2010.

25. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases				
– within one year	**4,649**	51	**4,347**	50
– in more than one year but not more than two years	**4,649**	–	**4,445**	–
– in more than two years but not more than five years	**6,994**	–	**6,874**	–
	16,292	51	**15,666**	50
Less: Future finance charges	**(626)**	(1)		
Present value of lease obligations	**15,666**	50		
Less: Amount due within one year shown under current liabilities			**(4,347)**	(50)
Amount due after one year			**11,319**	–

The Group leased certain of its plant and machinery under finance leases. The average lease term is 4 years (2010: 3 years). For the year ended 30 June 2011, interest rates underlying all obligations under finance leases are variable at HIBOR plus 2% per annum. For the year ended 30 June 2010, interest rates underlying all obligations under finance leases were fixed at flat rate of 4.75% per annum.

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

26. Unsecured Bank Borrowings

	2011 HK$'000	2010 HK$'000 (restated)
Bank borrowings	**18,355**	23,046
Carrying amount of bank borrowings that contain a repayable on demand clause:		
– repayable within one year	**4,757**	4,700
– repayable after one year from the end of the reporting period (shown under current liabilities)	**13,598**	18,346
Amounts shown under current liabilities	**18,355**	23,046

The Group's variable-rate bank borrowings carry interest at Hong Kong Interbank Offered Rate plus 2% per annum. The effective interest rate for the year is 2.4% (2010: 2.5%) per annum.

The bank borrowings are repayable by monthly instalments up to February and May 2015 respectively.

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At the end of the reporting period, the Group's unsecured bank borrowings that were denominated in currency other than the functional currency of the relevant entities were as set out below:

	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**18,355**	23,046

27. Deferred Taxation

The followings are the deferred tax liability recognised and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation HK$'000
At 1 July 2009	16,700
Credited to profit or loss	(1,570)
At 30 June 2010	15,130
Credited to profit or loss	(2,330)
At 30 June 2011	**12,800**

At the end of the reporting period, the Group had unused tax losses of HK$220,002,000 (2010: HK$190,624,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to HK$2,766,000 (30 June 2010: Nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of a subsidiary operated in Thailand for which deferred tax liabilities have not been recognised was HK$2,006,000 (2010: Nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28. Share Capital

	Number of shares	Amounts
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2009, 30 June 2010 and 2011	3,000,000,000	300,000
Issued and fully paid:		
At 1 July 2009, 30 June 2010 and 2011	968,394,000	96,839

29. Share-based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 16 November 2005 for the primary purpose of providing incentives to Directors and eligible employees, and will expire on 15 November 2015. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including any full-time or part-time employee of the Company or any member of the Group, including any Executive, Non-Executive Directors and Independent Non-Executive Directors, advisors, consultants of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of listing of shares of the Company unless prior approval is obtained from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised from the date of grant to the 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

Details of the share options granted under the Scheme are as follows:

	Date of grant	Vesting date	Exercisable period	Exercise price per share	Outstanding at 1.7.2009	Lapsed during the year	Outstanding at 30.6.2010
				HK$			
Directors	23.4.2007	23.4.2008	23.4.2008 to 22.4.2010	0.97	1,674,000	(1,674,000)	–
Employees	23.4.2007	23.4.2008	23.4.2008 to 22.4.2010	0.97	4,262,000	(4,262,000)	–
					5,936,000	(5,936,000)	–

During the year ended 30 June 2010, all share options were lapsed. No share options were issued during the current year nor outstanding at the end of the reporting period.

30. Operating Lease Commitments

During the year, the Group made minimum lease payments of HK$18,524,000 (2010: HK$16,269,000) under operating leases in respect of its factory and office premises. Leases are negotiated, and monthly rentals are fixed, for a range of one to five years (2010: one to ten years).

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

	2011 HK$'000	2010 HK$'000
Within one year	**17,044**	16,850
In the second to fifth year inclusive	**10,716**	25,008
Over five years	**1,750**	6,513
	29,510	48,371

31. Capital Commitments

	2011 HK$'000	2010 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**1,098**	7,563

32. Retirement Benefits Plans

The group operates the following defined contribution schemes for its employees:

(i) Plans for Hong Kong employees

The Group participates in a MPF Scheme for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. 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 payable in the future years.

(ii) Plans for PRC employees

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

32. Retirement Benefits Plans (Continued)

(iii) Plans for Vietnam employees

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

The total cost of HK$6,529,000 (2010: HK$5,974,000) charged to consolidated statement of comprehensive income represents contributions paid or payable to the above schemes by the Group for the year.

33. Major Non-Cash Transactions

During the year ended 30 June 2011, the Group entered into finance lease arrangements in respect of plant and machinery with a total capital value at the inception of the leases of approximately HK$17,794,000 (2010: Nil).

34. Related Party Disclosures

Compensation of key management personnel

	2011 **HK$'000**	2010 HK$'000
Short-term employee benefits	**7,354**	7,144
Discretionary bonus	**512**	502
Post-employment benefits	**24**	24
	7,890	7,670

The remuneration of Directors and key management of the Group was determined by the remuneration committee of the Group having regard to the performance of individuals and market trends.

35. Particulars of Subsidiaries of the Company

Particulars of the Company's subsidiaries as at 30 June 2011 and 30 June 2010 are as follows:

Name of subsidiaries	**Place of establishment/ incorporation**	**Issued and fully paid share capital/ registered capital**	**Attributable equity interest held by the Company**		**Principal activities**
			Directly	**Indirectly**	
Fittec (BVI) Limited	British Virgin Islands	Ordinary US$1.00	100%	–	Investment holding
Fittec Electronics Company Limited	Hong Kong	Ordinary HK$10,000,000	–	100%	Investment holding and manufacturing and sales of printed circuit board ("PCB") assembly
Kuan Da Electronics (Shenzhen) Co., Ltd.* 寬達電子（深圳）有限公司	PRC	Paid up capital US$7,776,139	–	100%	Manufacturing of PCB, electronics components and related parts

35. Particulars of Subsidiaries of the Company (Continued)

Name of subsidiaries	Place of establishment/ incorporation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly	Attributable equity interest held by the Company Indirectly	Principal activities
Fittec Electronics (Shenzhen) Co., Ltd.* 奕達電子(深圳)有限公司	PRC	Paid up capital US$242,565	–	100%	Provision of repair and maintenance services
Fittec Electronics (Suzhou) Co., Ltd.* 泛達電子(蘇州)有限公司	PRC	Paid up capital US$23,421,610	–	100%	Manufacturing of PCB, electronics components and related parts
Fung Da Electronics (Shenzhen) Co., Ltd.* 豐達維修電子(深圳)有限公司	PRC	Paid up capital RMB1,000,000	–	100%	Provision of repair and maintenance services
Toprich Electronics Technology Limited 騰達電子科技有限公司	Hong Kong	Paid up capital HK$100	–	80%	Investment holding
Suzhou Toprich Electronics Technology Limited* 蘇州鵬達科技有限公司	PRC	Paid up capital US$3,316,522	–	80%	Inactive
Mega Step Development Limited 佰達發展有限公司	Hong Kong	Paid up capital HK$1	–	100%	Investment holding
Mega Step Electronics (Vietnam) Co., Ltd.	Vietnam	Paid up capital US$4,000,000	–	100%	Manufacturing of PCB, electronics components and related parts
Fittec Electronics (Thailand) Co., Ltd.	Thailand	Paid up capital Thai Baht 96,900,000	–	100%	Manufacturing of PCB, electronics components and related parts

* These subsidiaries are established in the PRC as wholly-owned foreign enterprises.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

FINANCIAL SUMMARY

Results

	Year ended 30 June				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	1,991,834	2,456,380	1,806,571	2,678,535	**1,813,879**
Profit (loss) before tax	99,062	(12,972)	(38,174)	42,509	**(76,346)**
Income tax (expense) credit	(9,905)	(7,578)	357	(7,445)	**1,328**
Profit (loss) for the year	89,157	(20,550)	(37,817)	35,064	**(75,018)**
Attributable to:					
Owners of the Company	89,157	(20,550)	(37,817)	36,365	**(68,815)**
Non-controlling interests	–	–	–	(1,301)	**(6,203)**
	89,157	(20,550)	(37,817)	35,064	**(75,018)**

Assets and Liabilities

	At 30 June				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,542,216	1,453,183	1,568,363	1,676,815	**1,323,103**
Total liabilities	413,515	337,457	514,475	615,989	**341,142**
Shareholders' funds	1,128,701	1,115,726	1,053,888	1,060,826	**981,961**
Attributable to:					
Owners of the Company	1,128,701	1,115,726	1,053,888	1,062,127	**989,597**
Non-controlling interests	–	–	–	(1,301)	**(7,636)**
	1,128,701	1,115,726	1,053,888	1,060,826	**981,961**