SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 00058

ANNUAL REPORT 2011

Contents

Corporate Information

DIRECTORS

Executive:
Wong King Ching, Helen *(Chairman)*
Wong King Man *(Deputy Chairman)*
Leung Chi Fai *(Finance Director)*

Non-executive:
Kan Lai Kuen *
So Day Wing *
Wong Chun Ying
Wong Kim Seong
Wong Kun Kim *

* Independent Non-executive Director

COMPANY SECRETARY

Leung Chi Fai

LEGAL ADVISERS TO THE COMPANY

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

AUDITORS

Crowe Horwath (HK) CPA Limited
34/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

Wong King Ching, Helen
Leung Chi Fai

AUDIT COMMITTEE

Kan Lai Kuen
So Day Wing
Wong Kun Kim

REMUNERATION COMMITTEE

Wong King Ching, Helen
Leung Chi Fai
Kan Lai Kuen
So Day Wing
Wong Kun Kim

NOMINATION COMMITTEE

Wong King Ching, Helen
Wong King Man
Leung Chi Fai
Kan Lai Kuen
So Day Wing
Wong Kun Kim

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Ltd.
Citic Ka Wah Bank Limited
Dah Sing Bank Ltd.
The Hong Kong and Shanghai Banking Corporation Ltd.

In The People's Republic of China:
Bank of China Ltd.
Industrial and Commercial Bank of China Ltd.

WEBSITE ADDRESS AND CONTACT

http://www.sunwayhk.com
http://www.irasia.com/listco/hk/sunway
Telephone : (852) 2413 6812
Fax : (852) 2413 6859

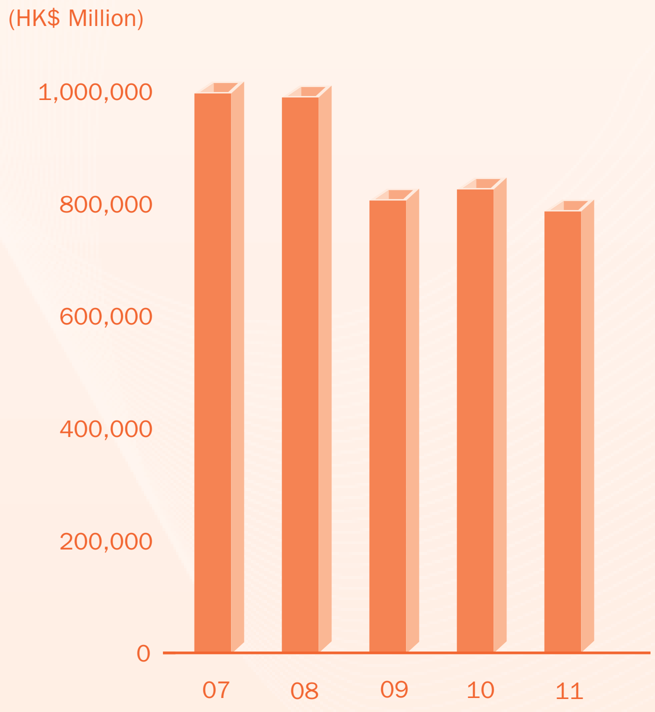
STOCK CODE

The Stock Exchange of Hong Kong Limited: 58

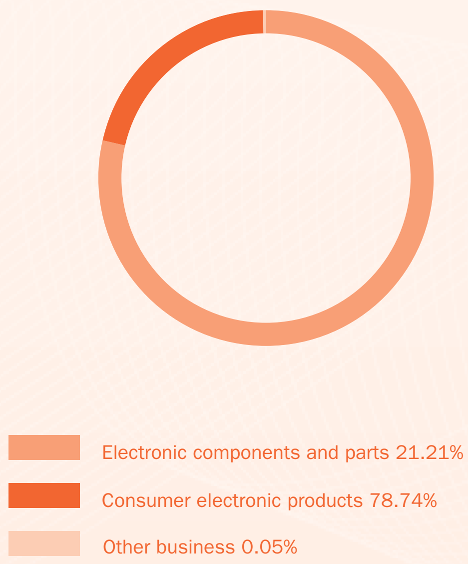
Financial Highlights

	2011 HK$'000	2010 HK$'000
OPERATING RESULTS		
Revenue	**1,021,413**	981,860
Loss for the year attributable to owners of the Company	**(88,245)**	(36,724)
Loss per share – basic and diluted	**(9 cents)**	(4 cents)
Proposed final dividend per share	**Nil**	Nil
FINANCIAL POSITION		
Total assets	**1,390,493**	1,225,003
Pledged time deposits and cash and cash equivalents	**309,233**	98,809
Equity attributable to owners of the Company	**784,876**	810,243
FINANCIAL RATIOS		
Current ratio	**1.4**	1.7
Gearing ratio	**77.2%**	51.2%

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY



TURNOVER BY BUSINESS SEGMENTS



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Sunway International Holdings Limited and its subsidiaries (collectively, the "Group") for the year ended 30 September 2011.

The financial year 2011 was a challenging year for the Group. Although the world economy was experiencing recovery, the foundation remained fragile. Turnover for the year were under steady growth of 4%. The inflation of the PRC had driven up the manufacturing and operating costs, especially the labour cost which increased over 20% compared with last year. As a result, the loss attributable to the owners of the Company was deteriorated. Basic loss per share was 9 Hong Kong cents for the year. We will continue to review our business strategies and adopt timely measures in response to the rapidly changing market.

Financial management was a critical task in the year 2011. We had put extra effort to enhance the Group's liquidity and financial stability given various contraction financial policies that were implemented by the PRC Government. Our aim is to further strengthen our financial position, with the expectation of tighter liquidity in the banking sector in the near future. We will also focus on reducing the gearing ratio to a more sustainable level over the next few years by maintaining stringent controls over working capital and capital expenditure.

Looking forward to the coming year, the difficult business environment is expected to persist as the possibility of further worsening of debt crisis in Europe is leading to more uncertainty and instability in the global economic environment that is likely to remain fragile and weak in the near future. However, we remain cautiously optimistic on our turnover growth through launching new products and enhancing the product mix to increase profitability in the coming year.

Furthermore, we also planned for group structuring in the coming year and are looking for investment opportunity in different industries that could enhance corporate development and broaden the income base for the Group.

On behalf of the Board, I would like to express my sincere gratitude to our management and staff for their invaluable effort and contributions in the past year. I would also like to thank our customers, suppliers, business associates and shareholders for their continuous supports. In the coming year, we will continue to work closely to create greater success for the Group and drive higher returns to the shareholders.

Wong King Ching, Helen
Chairman

Hong Kong
30 December 2011

Management Discussion and Analysis

REVIEW OF RESULTS AND OPERATION

Turnover of the Group for the year ended 30 September 2011 increased by HK$39,553,000 or 4.0% to HK$1,021,413,000, compared to HK$981,860,000, reported last year. Gross profit for the year was HK$26,409,000, compared to HK$70,340,000 last year. Given the recovering global economy and continuing growth in the PRC's economy, turnover of the Group was slightly improved. Simultaneously, the growth in the PRC led to increase the average national income and general price of commodities which burden the costs of production in the PRC. As a result, gross profit was dropped by HK$43,931,000 or 62.5%.

Net loss of the Group was also deteriorated by HK$51,521,000 or 140.3% to HK$88,245,000 for the year ended 30 September 2011 compared to HK$36,724,000 last year. Facing the pressure from inflation in the PRC, we had strictly imposed cost control policy to minimize our other operating costs.

Consumer electronic products

Turnover of electronic calculators was HK$453,069,000 representing a slight decrease of HK$1,901,000 or 0.4% compared to HK$454,970,000 last year. Sales of electronic calculators contributed 44.4% of the Group's turnover for the year. It remained the largest business segment of the Group and was fairly consistent with last year. The business of high-end calculators delivers a minimal growth whereas low-end calculators business is deteriorated, showing a shift in consumers' preference. Thus, we will continue to modify the existing products and launch new models of calculators to maintain our market shares.

Sales of digital products represented 17.0% of the Group's turnover for the year, generated revenue amounted to HK$173,534,000, which increased by HK$17,960,000 or 11.5% as compared to HK$155,574,000 last year. The success in launching the new product, e-books, contributed to the significant growth in sales of this segment.

Sales of electronic watches and clocks decreased by HK$14,483,000, or 9.6% to HK$136,730,000 from HK$151,213,000 last year. It accounted for 13.4% of the Group's total turnover for the year.

Telephone products represented 4.0% of the Group's turnover for the year which recorded a turnover of HK$40,938,000, representing an increment of HK$9,799,000 or 31.5% compared to HK$31,139,000 last year. Sales of telephone products were boosted by attractive new designs of household telephones.

Taking into account of the substantial operating loss of this business segment, we will closely monitor its operating results and adopt an appropriate strategy in a timely manner.

Electronic components and parts

Revenue from liquid crystal displays ("LCD") represented 15.8% of the Group's turnover for the year which was HK$160,951,000, representing a significant growth of HK$81,807,000 or 103.4% compared to HK$79,144,000 last year. Constant and continuously increasing orders from customer drove the growth in this segment.

American countries and PRC markets remain the Group's major markets which dominated 39.8% and 22.6% of the Group's turnover, respectively.

Selling and distribution expenses mainly consisted of transportation expenses, which dropped slightly by HK$754,000 or 4.2% from HK$17,914,000 last year to HK$17,160,000 this year.

Administrative expenses rose by HK$18,109,000 or 24.6% from HK$73,778,000 last year to HK$91,887,000 this year. It was mainly contributed by continuing increment in staff costs and its related expenses in the PRC.

Finance costs were HK$13,393,000, compared to HK$6,527,000 last year. Increase of finance costs by HK$6,866,000 or 105.2% was due to bank borrowings obtained to finance the operations in the PRC during the year.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and the PRC. As at 30 September 2011, the total shareholders' equity of the Group was approximately HK$784,876,000, representing a decrease of 3.1% over last year. The Group maintained a high level of cash and cash equivalents at the year-end which were sourced externally from banks. As at 30 September 2011, the Group's cash and bank balances and time deposits stood at HK$309,233,000 whereas bank loans were HK$369,036,000 and trust receipt loans were HK$5,975,000. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 77.2% this year. The Group is dedicated to maintaining a sound financial position and improving the equity return to its shareholders.

SIGNIFICANT INVESTMENTS AND ACQUISITION

During the year, the Group incurred HK$34,941,000 on additions to construction in progress, plant and equipment to upgrade its manufacturing capabilities.

CAPITAL STRUCTURE

No repurchases of shares were made during the year. On 2 November 2009, the Company granted options to certain directors and employees of the Group to subscribe for a total of 90,600,000 ordinary shares of HK$0.1 per share each on or before 1 November 2019 of which 500,000 share options have been lapsed. At 30 September 2011, the number of shares in respect of which options had been granted and exercisable was 36,040,000. No share options were exercised or cancelled during the year.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$97,999,000, prepaid land lease payments of HK$11,260,000, investment property of HK$56,712,000 and time deposits of HK$85,626,000 are used to secure banking facilities for the Group.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of approximately HK$65.4 million of the net proceeds raised from the share offer in 1999 has been allocated to the investment in the joint venture, Taiwan Communication (Fujian) Company Ltd. As progress of the projects as implemented by Taiwan Communication (Fujian) Company Ltd proceeded at a slower pace than anticipated, the Directors are considering allocating part of such proceeds to other investment opportunities. If any specific targets are identified, the Directors will make announcement in accordance with the applicable rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2011, the Group has approximately 8,500 full time management, administrative, technical and production staff in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other staff benefit includes share options granted or to be granted under the share option scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB"), United States Dollars ("US$") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against US$, the Group believes that the corresponding exposure to US$ exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB against US$.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has entered into foreign currency forward contracts to mitigate the risk.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 September 2011, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary of the Company amounting to HK$58,000,000. As at 30 September 2011, such facilities were utilised to the extent of approximately HK$17,672,000.

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

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

PROSPECTS

Looking forward to the coming year, the management expects the overall business environment remain challenging given the uncertainties arising from the Europe's sovereign debt crisis. The Group will continue to be on the alert and modify our existing business strategies to cope with the changing business environment.

To ensure growth is sustained over the long term, the Group will continue to leverage its research and development expertise to develop products desired by consumers. The Group has been actively exploring new digital products, such as recording pen and portable game, this year and expecting these products will bring favourable results for the Group in the coming year. The Group continues to optimize its product mix and put more efforts to develop high value-added products to improve its sales.

In the long term, the management expects different investments in the PRC will provide strong growth opportunities for the Group. The Group is strengthening its expansion of business network in the PRC as part of the means to achieve long-term sustainable growth.

Appreciation of Renminbi and inflation in the PRC remain a challenge to the Group in the future, thus the management will remain its cost conscious and adopt timely control measures to minimise the costs and maintain the Group's competitiveness. The management will also closely monitor cash flow, ever mindful of maintaining a strong cash position, which is of utmost importance in these financially turbulent times.

The Group also adopted measures and exploring other means to meet these challenges and to turn them into opportunities. Group restructuring is planned in the coming year in order to have better resources allocation for the Group and maximise the shareholders' interests. The management will from time to time seek for investment opportunity in difference industry that could enhance corporate development and broaden the income base of the Group. Meanwhile, the management will continue to review the performance of existing businesses and seek for any investment opportunity in fast growing industry. Should any suitable business opportunity arise, the Group may change its existing business activities and redeploy any assets of the Group.

Through the Group restructuring, the management remains cautiously optimistic about perpetuating the Group's steady growth over the long term.

Wong King Ching, Helen
Chairman

Hong Kong
30 December 2011

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Wong King Ching, Helen, aged 38, is the Chairman of the Group. Ms. Wong is responsible for directing the Group's development, formulation of business policies and overall corporate management. She also oversees the Group's marketing and sales strategies and activities in the PRC and Asia-Pacific markets. After completion of her studies in the United States of America, Ms. Wong joined the Group in 1996 as an Executive Director and has over 15 years of experience in corporate management in electronics industry.

Ms. Wong King Man, aged 37, is the Deputy Chairman of the Group. She is responsible for overseeing the Group's procurement policies and materials management. Ms. Wong graduated from The University of Toronto with a Bachelor of Arts degree major in Economics. She has participated in the operations of the Group for more than 14 years. She is the younger sister of Ms. Wong King Ching, Helen.

Mr. Leung Chi Fai, aged 44, is the Finance Director and the Company Secretary of the Group. He is responsible for overseeing the Group's finance, accounting and corporate secretarial functions. Prior to joining the Group in 1996, Mr. Leung had 5 years of working experience in an international auditing firm. Mr. Leung is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Non-executive Directors

Ms. Kan Lai Kuen, aged 57, is an accredited investment adviser by the Securities and Futures Commission in Hong Kong. Ms. Kan is a fellow member of the Association of Chartered Certified Accountants, a fellow member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Kan has over 23 years of experience in finance and accounting of which over 18 years are in corporate finance.

Mr. So Day Wing, aged 63, graduated with a Bachelor of Business Administration degree from the Chinese University of Hong Kong and also holds a Postgraduate Diploma from the University of Strathclyde. He is a member of the Institute of Chartered Accountants of Scotland and a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Wong Chun Ying, aged 59, has been working as a manager with a wholly-owned subsidiary of the Company for over 11 years and has accumulated rich experience in the electronics industry. She is the mother of Ms. Wong King Ching, Helen and Ms. Wong King Man, both being Executive Directors of the Company.

Mr. Wong Kim Seong, aged 81, the grandfather of Ms. Wong King Ching, Helen, is the honorary chairman of the Group. He acts as the Group's advisor on business development. Mr. Wong has been engaged in the electronics industry for over 23 years with extensive experience in production, marketing and sales of electronic products.

Mr. Wong Kun Kim, aged 67, is a registered investment advisor with the Securities and Futures Commission in Hong Kong. Mr. Wong had previously served as consultant and director for different listed companies in Hong Kong, Taiwan, China and United States of America. He has over 38 years of experience working as senior executive for various multinational corporations engaged in trading, manufacturing, finance and real estates.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Huang Ming Tan, aged 46, is the manager of Quality Assurance Department and is responsible for quality control functions in the PRC. He graduated from Fuzhou University and has accumulated over 17 years of experience in quality assurance and control.

Mr. Rong Qi Gen, aged 37, is the Assistant Technical Manager who specialises in printed circuit board production and development. He has accumulated over 7 years of experience in the field.

Mr. Xiang Hou Lin, aged 43, is the Research and Development Manager. He has over 17 years of experience in designing and developing electronic products in certain large electronics manufacturers and specialises in designing and developing electronic consumer products in the Group.

Mr. Xu Jian Xing, aged 40, is the Deputy General Manager of the Group and has worked for the Group for 17 years. He oversees overall operations in the PRC factories, including sales, purchasing and production facility maintenance.

Mr. Yu Guo Qing, aged 32, is the Research and Development Manager, who specialises in the design of moulds. He has accumulated over 8 years of experience in product development.

Mr. Zheng Xiang Yang, aged 44, is the Assistant Production Planning Manager. He has 20 years of experience in computing software development and internet management and materials management and has held related position in the Group for 15 years. He is responsible for internal coordination, materials management and production planning and control.

Mr. Zou Jian Shan, aged 28, is the Deputy Finance Manager and is responsible for overseeing the financial and accounting functions in the PRC. He has accumulated over 5 years of experience in the field.

Report of the Directors

The Directors present their annual report and the audited financial statements of Sunway International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 30 September 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the design, development, manufacture and sale of a wide range of (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products). They are also engaged in the trading of integrated circuits and computer components and accessories.

There were no significant changes in the nature of the principal activities of the Company and of the Group during the year.

RESULTS AND DIVIDENDS

The Group's results for the year ended 30 September 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 21 to 96.

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

SUMMARY FINANCIAL INFORMATION

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

	Year ended 30 September				
	2011	2010	2009	2008	2007
RESULTS	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,021,413**	981,860	941,458	1,091,120	1,088,876
(Loss)/Profit before taxation	**(82,795)**	(32,437)	(167,521)	(92,164)	18,343
Income tax	**(5,450)**	(4,287)	(5,048)	(2,998)	(4,765)
(Loss)/Profit for the year attributable to owner of the Company	**(88,245)**	(36,724)	(172,569)	(95,162)	13,578

SUMMARY FINANCIAL INFORMATION *(Continued)*

ASSETS AND LIABILITIES	As at 30 September				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Non-current assets	**601,384**	585,365	565,026	593,714	551,414
Current assets	**789,109**	639,638	537,983	898,494	734,212
TOTAL ASSETS	**1,390,493**	1,225,003	1,103,009	1,492,208	1,285,626
Current liabilities	**568,816**	387,107	279,560	480,506	283,377
Non-current liabilities	**36,801**	27,653	17,792	22,961	6,428
TOTAL LIABILITIES	**605,617**	414,760	297,352	503,467	289,805
NET ASSETS	**784,876**	810,243	805,657	988,741	995,821

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

There were no movements in either the Company's authorised or issued share capital during the year. Details of the share capital and share options of the Company are set out in notes 30 and 31 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 30 September 2011, the Company's reserves available for distribution, comprising the contributed surplus and retained profits, amounted to HK$182,912,000. In accordance with the Bermuda Companies Act 1981, the contributed surplus may be distributed in certain circumstances. In addition, the Company's share premium account of HK$177,325,000 as at 30 September 2011 may be distributed in the form of fully paid bonus shares.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 38% of the Group's total sales for the year and sales to the Group's largest customer accounted for 19% of the Group's total sales for the year. Purchases from the Group's five largest suppliers accounted for 16% of the Group's total purchases for the year and purchases from the Group's largest supplier accounted for 5% of the Group's total purchases for the year.

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

DIRECTORS

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

Executive Directors:

Ms. Wong King Ching, Helen *(Chairman)*
Ms. Wong King Man *(Deputy Chairman)*
Mr. Leung Chi Fai

Non-executive Directors:

Ms. Kan Lai Kuen*
Mr. So Day Wing*
Ms. Wong Chun Ying
Mr. Wong Kim Seong
Mr. Wong Kun Kim*

* *Independent Non-executive Directors*

In accordance with clause 111 of the Company's bye-laws, Ms. Kan Lai Kuen and Mr. So Day Wing will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

Ms. Wong King Ching, Helen, and Mr. Leung Chi Fai entered into service contracts with the Company for an initial term of three years commencing from 1 August 1999 which continues thereafter until terminated by not less than three months' notice in writing served by either party on the other. The Company has extended the service contracts with these Directors until 31 July 2012.

DIRECTORS' SERVICE CONTRACTS *(Continued)*

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

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, the interests of the Directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest		
	Directly beneficially owned	**Through controlled corporation**	**Percentage of the Company's issued share**
Executive Directors:			
Ms. Wong King Ching, Helen	200,000	280,000,000 (Note 1)	
Ms. Wong King Man	49,648,000 (Note 2)	280,000,000 (Note 1)	
Non-executive Directors:			
Ms. Wong Chun Ying	49,648,000 (Note 2)	–	
Mr. Wong Kim Seong	10,000,000	–	
	59,848,000	280,000,000	33.4%

Notes:

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

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

The interests of the Directors in the share options of the Company are separately disclosed in note 31 to the financial statements.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in note 31 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Directors have reviewed the connected transactions as defined under the Listing Rules, as set out in note 38 to the financial statements, and confirmed that such transactions were entered into in compliance with the following conditions:

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

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

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

CONNECTED TRANSACTIONS *(Continued)*

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

(a) the transactions were approved by the Board of Directors;

(b) the transactions were entered into in accordance with the terms of the agreements relating to the transactions in question;

(c) the transactions were entered into in accordance with the pricing policies of the Group; and

(d) the aggregate consideration paid or received in respect of the transactions in the financial year reported on did not exceed 3% of the consolidated turnover of the Group as shown in its audited financial statements.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 19 of the Annual Report.

AUDIT COMMITTEE

The Company's Audit Committee was established on 6 August 1999 in accordance with the requirements of the Code of Best Practice (the "Code") for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. Members of the Audit Committee at the date of this report comprised Ms. Kan Lai Kuen, Mr. So Day Wing and Mr. Wong Kun Kim, the three Independent Non-executive Directors of the Company. The Group's financial statements for the year ended 30 September 2011 have been reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and legal requirements, and that adequate disclosures have been made.

AUDITOR

Crowe Horwath (HK) CPA Limited retires and a resolution for its reappointment as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Wong King Ching, Helen
Chairman

Hong Kong
30 December 2011

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

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

BOARD OF DIRECTORS

(1) Responsibilities

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

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

Details of Directors' attendance at the Board meetings, Audit Committee meetings, Remuneration Committee meetings and Nomination Committee meetings held for the year ended 30 September 2011 are set out in the table below:

	No. of meetings attended/entitled to attend			
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
Wong King Ching, Helen *(Chairman)*	2/2	–	1/1	1/1
Wong King Man *(Deputy Chairman)*	2/2	–	–	1/1
Leung Chi Fai	2/2	2/2	1/1	1/1
Non-executive Directors				
Wong Chun Ying	2/2	–	–	–
Wong Kim Seong	2/2	–	–	–
Independent Non-executive Directors				
Kan Lai Kuen	2/2	2/2	1/1	1/1
So Day Wing	2/2	2/2	1/1	1/1
Wong Kun Kim	2/2	2/2	1/1	1/1

BOARD OF DIRECTORS *(Continued)*

(2) Board Composition

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

The Board members for the year ended 30 September 2011 are:

Executive Directors
Wong King Ching, Helen
Wong King Man
Leung Chi Fai

Non-executive Directors
Wong Chun Ying
Wong Kim Seong

Independent Non-executive Directors
Kan Lai Kuen
So Day Wing
Wong Kun Kim

The biographies of the Directors are set out on pages 8 to 9 of this Annual Report.

During the year ended 30 September 2011, the Board met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors. The Company has received a written confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules. All the Independent Non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

AUDIT COMMITTEE

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

Two Audit Committee meetings were held during the year to discuss and review the following matters:

1. reviewed of annual results for the year ended 30 September 2010 and interim results for the period ended 31 March 2011;

2. considered the principal accounting policies adopted by the Group;

3. reviewed the cash flow of the Group;

4. discussed on the control of accounts receivables;

5. discussed on the control of inventories;

6. reviewed the related parties transactions;

7. reviewed the adequacy and effectiveness of the internal control system and make recommendations to the Board for improvement of internal control, credit control and risk management;

8. discussed on the corporate governance matters as required by the Code on Corporate Governance Practices.

AUDITOR'S REMUNERATION

The Statement of the Group's external auditor, Crowe Horwath (HK) CPA Limited, about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 20.

During the year ended 30 September 2011, the total fee paid/payable in respect of audit and non-audit services provided by the external auditor is set out below:

	2011 **HK$'000**	2010 HK$'000
Audit services	**1,058**	970
Tax services	**–**	49

Corporate Governance Report

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INTERNAL CONTROL

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Independent Auditor's Report

TO THE SHAREHOLDERS OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sunway International Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 21 to 96, which comprise the consolidated and company statements of financial position as at 30 September 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 December 2011

Lau Kwok Hung
Practising Certificate No.: P04169

Consolidated Income Statement

For the year ended 30 September 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	6	**1,021,413**	981,860
Cost of sales		**(995,004)**	(911,520)
Gross profit		**26,409**	70,340
Other income	6	**7,029**	10,647
Other net gain	6	**13,929**	815
Selling and distribution costs		**(17,160)**	(17,914)
Administrative expenses		**(91,887)**	(73,778)
Other operating expenses		**(5,604)**	(15,645)
Loss from operations		**(67,284)**	(25,535)
Finance costs	7(a)	**(13,393)**	(6,527)
Share of loss of a jointly-controlled entity		**(2,118)**	(375)
Loss before taxation	7	**(82,795)**	(32,437)
Income tax	9	**(5,450)**	(4,287)
Loss for the year attributable to owners of the Company	10	**(88,245)**	(36,724)
Loss per share			
– Basic and diluted	11	**(9 cents)**	(4 cents)

The notes on pages 29 to 96 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	Note	2011 HK$'000	2010 HK$'000
Loss for the year		**(88,245)**	(36,724)
Other comprehensive income for the year (net of tax)	12		
Exchange differences on translation of financial statements of foreign operations		**39,917**	13,108
Surplus on revaluation of property, plant and equipment		**22,593**	27,120
Loss arising on changes in fair value of available-for-sale investments		**(1,657)**	(936)
Other comprehensive income for the year attributable to owners of the Company		**60,853**	39,292
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(27,392)**	2,568

The notes on pages 29 to 96 form part of these financial statements.

Consolidated Statement of Financial Position

At 30 September 2011

	Note	At 30 September 2011 HK$'000	At 30 September 2010 HK$'000 (Restated)	At 1 October 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	13	**457,304**	447,484	422,640
Investment property	14	**56,712**	48,404	48,450
Prepaid land lease payments	15	**68,572**	66,961	67,265
Interest in a jointly-controlled entity	17	**13,428**	14,840	14,985
Available-for-sale investments	18	**5,368**	7,025	7,337
Deposits paid for acquisition of property, plant and equipment	19	**–**	651	4,349
		601,384	585,365	565,026
CURRENT ASSETS				
Inventories	20	**270,255**	285,896	222,643
Trade receivables	21	**158,599**	196,409	171,640
Prepayments, deposits and other receivables	22	**50,942**	58,444	33,146
Derivative financial instruments		**–**	–	556
Pledged time deposits	23	**85,626**	27,058	11,190
Tax recoverable		**80**	80	80
Cash and cash equivalents	23	**223,607**	71,751	98,728
		789,109	639,638	537,983
CURRENT LIABILITIES				
Trade payables, accrued liabilities and other payables	24	**162,932**	184,191	151,497
Derivative financial instruments	25	**1,301**	–	–
Due to a director	26	**575**	293	2,020
Due to a jointly-controlled entity	17	**232**	22	194
Interest-bearing bank borrowings	27	**375,011**	172,573	93,672
Tax payable		**28,765**	30,028	32,177
		568,816	387,107	279,560
NET CURRENT ASSETS		**220,293**	252,531	258,423
TOTAL ASSETS LESS CURRENT LIABILITIES		**821,677**	837,896	823,449

Consolidated Statement of Financial Position

At 30 September 2011

	Note	At 30 September 2011 HK$'000	At 30 September 2010 HK$'000 (Restated)	At 1 October 2009 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	27	**–**	–	3,459
Deferred tax liabilities	28	**36,175**	26,963	13,515
Provision for long service payment	29	**626**	690	818
		36,801	27,653	17,792
NET ASSETS		**784,876**	810,243	805,657
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	30	**101,600**	101,600	101,600
Reserves	32	**683,276**	708,643	704,057
TOTAL EQUITY		**784,876**	810,243	805,657

Approved and authorised for issue by the board of directors on 30 December 2011.

Wong King Ching, Helen
Director

Leung Chi Fai
Director

The notes on pages 29 to 96 form part of these financial statements.

Statement of Financial Position

At 30 September 2011

	Note	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	16	**118,577**	118,577
Available-for-sale investments	18	**5,368**	7,025
		123,945	125,602
CURRENT ASSETS			
Due from subsidiaries	16	**342,016**	366,303
Prepayments and other receivables	22	**62**	–
Cash and cash equivalents	23	**613**	401
		342,691	366,704
CURRENT LIABILITIES			
Accrued liabilities and other payables	24	**824**	358
Due to a subsidiary	16	**2**	2
		826	360
NET CURRENT ASSETS		**341,865**	366,344
TOTAL ASSETS LESS CURRENT LIABILITIES		**465,810**	491,946
NON-CURRENT LIABILITIES			
Provision for long service payment	29	**222**	245
NET ASSETS		**465,588**	491,701
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	30	**101,600**	101,600
Reserves	32	**363,988**	390,101
TOTAL EQUITY		**465,588**	491,701

Approved and authorised for issue by the board of directors on 30 December 2011.

Wong King Ching, Helen
Director

Leung Chi Fai
Director

The notes on pages 29 to 96 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2011

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Reserve fund HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 October 2009	101,600	177,325	56,471	509	–	45,174	176,457	12,928	1,803	233,390	805,657
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	13,108	–	–	–	13,108
Surplus on revaluation of property, plant and equipment	–	–	–	–	–	27,120	–	–	–	–	27,120
Loss arising on changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	–	(936)	–	(936)
Other comprehensive income/(loss) for the year	–	–	–	–	–	27,120	13,108	–	(936)	–	39,292
Loss for the year	–	–	–	–	–	–	–	–	–	(36,724)	(36,724)
Total comprehensive income/(loss) for the year	–	–	–	–	–	27,120	13,108	–	(936)	(36,724)	2,568
Recognition of equity-settled share-based payments	–	–	–	–	2,018	–	–	–	–	–	2,018
Lapse of share options	–	–	–	–	(11)	–	–	–	–	11	–
At 30 September 2010	101,600	177,325	56,471	509	2,007	72,294	189,565	12,928	867	196,677	810,243
At 1 October 2010	101,600	177,325	56,471	509	2,007	72,294	189,565	12,928	867	196,677	810,243
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	39,917	–	–	–	39,917
Surplus on revaluation of property, plant and equipment	–	–	–	–	–	22,593	–	–	–	–	22,593
Loss arising on changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	–	(1,657)	–	(1,657)
Other comprehensive income/(loss) for the year	–	–	–	–	–	22,593	39,917	–	(1,657)	–	60,853
Loss for the year	–	–	–	–	–	–	–	–	–	(88,245)	(88,245)
Total comprehensive income/(loss) for the year	–	–	–	–	–	22,593	39,917	–	(1,657)	(88,245)	(27,392)
Recognition of equity-settled share-based payments	–	–	–	–	2,025	–	–	–	–	–	2,025
At 30 September 2011	101,600	177,325	56,471	509	4,032	94,887	229,482	12,928	(790)	108,432	784,876

The notes on pages 29 to 96 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 September 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Operating activities			
Loss before taxation		**(82,795)**	(32,437)
Adjustments for:			
Depreciation	7(c)	**76,131**	64,389
Amortisation of prepaid land lease payments	7(c)	**1,759**	1,349
Bank and other interest income	6	**(1,440)**	(2,297)
Dividend income	6	**(316)**	(225)
(Gain)/loss arising on changes in fair value of investment property	6	**(5,707)**	797
Surplus on revaluation of property, plant and equipment	6	**–**	(1,545)
Finance costs	7(a)	**13,393**	6,527
(Reversal of)/allowance for doubtful debts	7(c)	**(7,602)**	3,600
(Reversal of)/impairment losses recognised on other receivables	7(c)	**(620)**	1,971
Reversal of write down of inventories	7(c)	**(3,940)**	(9,704)
Reversal for long service payments		**(64)**	(128)
Recognition of equity-settled share-based payments		**2,025**	2,018
Gain on disposal of derivative financial instruments	6	**–**	(67)
Loss arising on change in fair value of derivative financial instruments	7(c)	**1,301**	–
Foreign exchange loss		**5,343**	–
Share of loss of a jointly-controlled entity		**2,118**	375
		(414)	34,623
Changes in working capital:			
Decrease/(increase) in inventories		**33,453**	(50,035)
Decrease/(increase) in trade receivables		**53,762**	(25,886)
Decrease/(increase) in prepayments, deposits and other receivables		**9,730**	(22,187)
(Decrease)/increase in trade payables		**(34,757)**	22,139
Increase in accrued liabilities and other payables		**7,052**	8,896
Increase/(decrease) in amount due to a director		**240**	(1,759)
Cash generated from/(used in) operations		**69,066**	(34,209)
Interest received		**1,440**	607
Interest paid		**(13,393)**	(6,527)
Income tax paid		**(6,725)**	(6,141)
Net cash generated from/(used in) operating activities		**50,388**	(46,270)

Consolidated Statement of Cash Flows

For the year ended 30 September 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Investing activities			
Purchases of property, plant and equipment		**(34,272)**	(38,363)
Dividend income		**316**	225
Increase in pledged time deposits		**(56,433)**	(15,868)
Advance/(repayment) from a jointly-controlled entity		**203**	(175)
Net cash used in investing activities		**(90,186)**	(54,181)
Financing activities			
Increase/(decrease) in trust receipt loans		**1,250**	(525)
New bank loans		**487,646**	258,998
Repayment of bank loans		**(300,910)**	(184,130)
Net cash generated from financing activities		**187,986**	74,343
Net increase/(decrease) in cash and cash equivalents		**148,188**	(26,108)
Cash and cash equivalents at the beginning of the year		**71,751**	98,728
Effect of foreign exchange rate changes, net		**3,668**	(869)
Cash and cash equivalents at the end of the year		**223,607**	71,751
Analysis of balances of cash and cash equivalents			
Cash and bank balances	23	**223,607**	71,751

The notes on pages 29 to 96 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2011

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 as an exempted company on 18 August 1998. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong, respectively.

The Company’s principal activity is investment holding. The principal activities of the subsidiaries comprise the design, development, manufacture and sale of a wide range of (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products). They are also engaged in the trading of integrated circuits and computer components and accessories. There were no significant changes in the nature of the Company’s and Group’s principal activities during the year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised Standards, Amendments and Interpretations which are or have become effective or available for early adoption for the current accounting period of the Group or the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in a jointly-controlled entity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity.

These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is HK$.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment property
– certain property, plant and equipment
– available-for-sale investments
– derivative financial instruments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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. Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(e)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(e)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in associate.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries: see note 2(e)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in jointly controlled entities recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(e)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(e)(ii).

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables (Continued)

– For trade receivables and other financial assets carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale investments which are stated at fair value, when a decline in the fair value has been recognised in the fair value reserve and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in fair value reserve shall be removed from fair value reserve and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other debtors included within trade receivables and prepayments, deposits and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– prepaid land lease payments; and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(r)(iii) and (iv) respectively.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(e)(i)).

Other investments in equity securities are classified as available-for-sale investments and are initially recognised at fair value plus transaction costs. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(r)(iii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(r)(iv). When these investments are derecognised, the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or when they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Changes in the values of property, plant and equipment are dealt with in other comprehensive income and are accumulated separately in equity in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Leasehold land	Over lease term
Buildings	2% to 5%
Leasehold improvements	10%
Plant, machinery and office equipment	10%
Motor vehicles	10%
Moulds	10%
Furniture and fixtures	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

For the year ended 30 September 2011

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

(i) Investment property

Investment property are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment property are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment property is accounted for as described in note 2(r)(ii).

(j) Leased assets

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. 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 land lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(e)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Income tax *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e., the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(i) Financial guarantees issued (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (1) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (2) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, that is, the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, revenue can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Related parties *(Continued)*

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the year ended 30 September 2011

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

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKAS 27 and HKFRS 3 as part of Improvements to HKFRSs Issued in 2010
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of these new and revised HKFRSs 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 land 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.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 October 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid land lease payment to property, plant, and equipment retrospectively.

The effect of the adoption of the amendments to HKAS 17 is as follows:

	30 September		1 October
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
Increase in property, plant and equipment	**2,840**	2,919	2,998
Decrease in prepaid land lease payments	**2,761**	2,840	2,919
Decrease in prepayments, deposits and other receivables	**79**	79	79

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

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009 *(Continued)*

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKAS 27 and HKFRS 3[1]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 27 (as revised in 2011)	Separate Financial Statements[5]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[5]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[5]

1 Amendments that are 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 July 2012.
5 Effective for annual periods beginning on or after 1 January 2013.
6 Effective for annual periods beginning on or after 1 January 2011.

The Group is in the process of making an assessment on the impact of application of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

For the year ended 30 September 2011

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The significant accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(i) Impairment

If circumstances indicate that the carrying amount of an asset may not be recoverable, these assets may be considered "impaired" and an impairment loss may be recognised in profit or loss. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, the expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of future revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs, and discount rate.

Impairment losses for bad and doubtful debts are assessed and provided for based on the directors' regular review of ageing analysis and evaluation of collectibility based on customer specific facts and economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the Group's results in future years.

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

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

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

(iii) Write down of inventories

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 2(n). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write down or the related reversals of write down made in prior years and affect the Group's net asset value.

(iv) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(v) Provision

A provision is recognised when a present obligation has arisen as a result of a past event and it is probable that a future outflow of resources embodying economic benefits will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. Where the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

(vi) Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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

(vii) Fair value of derivative financial instruments and share option

Notes 25 and 31 contain information about the assumptions and risk factors relating to fair value of share options and financial instruments respectively.

(viii) Operating lease commitments – Group as lessor

The Group has entered into commercial property lease on its investment property portfolio. The Group has determined that it retains substantially all the risks and rewards incidental to ownership of this property which is leased out under an operating lease.

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services) in a manner consistent with the way in which information is reported internally to the Board of Directors of the Company, being the chief operating decision maker, for their decisions about resources allocation to the Group's business components and review of these components' performance.

The Group has identified the following reportable segments. These segments are managed separately.

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

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

(c) the trading segment consists of the trading of integrated circuits and computer components and accessories.

Since (c) individually do not meet the quantitative thresholds to be separately reported, (c) is reported under "Other business".

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment loss represents the loss from each segment without allocation of central administration costs, share of results of a jointly-controlled entity, rental income, bank and other interest income, finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. Taxation charge is not allocated to reportable segments.

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

No sale is carried out between segments. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the profit or loss.

For the year ended 30 September 2011

5. SEGMENT INFORMATION *(Continued)*

All assets are allocated to reportable segments other than interest in a jointly-controlled entity, available-for-sale investments, cash and bank deposits and unallocated head office and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and all liabilities are allocated to reportable segments other than current tax liabilities, deferred tax liabilities, bank loans and unallocated head office and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker is set out below:

	Electronic components and parts		Consumer electronic products		Other business		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Segment revenue								
Revenue from external customers	**216,677**	188,224	**804,271**	792,896	**465**	740	**1,021,413**	981,860
Reportable segment (loss)/ profit from operations	**(18,994)**	(5,662)	**(58,837)**	(28,418)	**2**	2	**(77,829)**	(34,078)
Other income							**7,029**	10,647
Other net gain							**6,327**	815
Finance costs							**(13,393)**	(6,527)
Share of loss of a jointly-controlled entity							**(2,118)**	(375)
Unallocated head office and corporate expenses							**(2,811)**	(2,919)
							(82,795)	(32,437)
Other segment information								
Additions to property, plant and equipment	**8,882**	9,969	**26,059**	32,092	**–**	–	**34,941**	42,061
Depreciation	**(19,191)**	(15,096)	**(56,310)**	(48,598)	**(630)**	(695)	**(76,131)**	(64,389)
Amortisation of prepaid land lease payments	**(447)**	(320)	**(1,312)**	(1,029)	**–**	–	**(1,759)**	(1,349)
Reversal of write down of inventories	**1,001**	2,300	**2,939**	7,404	**–**	–	**3,940**	9,704
Reportable segment assets	**270,759**	271,356	**649,490**	702,250	**39**	87	**920,288**	973,693
Reportable segment liabilities	**20,899**	28,767	**105,588**	134,646	**7**	4	**126,494**	163,417

For the year ended 30 September 2011

5. SEGMENT INFORMATION *(Continued)*

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

	2011 HK$'000	2010 HK$'000
Revenue		
Consolidated turnover	**1,021,413**	981,860
Loss		
Total reportable segment loss	**(77,829)**	(34,078)
Reportable segment loss derived from Group's external customers	**(77,829)**	(34,078)
Share of loss of a jointly-controlled entity	**(2,118)**	(375)
Bank and other interest income	**1,440**	2,297
Finance costs	**(13,393)**	(6,527)
Other revenue and net gain	**11,916**	9,165
Unallocated head office and corporate expenses	**(2,811)**	(2,919)
Consolidated loss before taxation	**(82,795)**	(32,437)
Assets		
Total reportable segment assets	**920,288**	973,693
	920,288	973,693
Cash and bank deposits	**309,233**	98,809
Interest in a jointly-controlled entity (accounted for by the equity method) (Note 1)	**13,428**	14,840
Unallocated head office and corporate assets	**142,176**	130,636
Available-for-sale investments	**5,368**	7,025
Consolidated total assets	**1,390,493**	1,225,003
Liabilities		
Total reportable segment liabilities	**(126,494)**	(163,417)
	(126,494)	(163,417)
Unallocated head office and corporate liabilities	**(45,147)**	(26,504)
Bank loans	**(369,036)**	(167,848)
Tax payable	**(28,765)**	(30,028)
Deferred tax liabilities	**(36,175)**	(26,963)
Consolidated total liabilities	**(605,617)**	(414,760)

Note 1: Interest in a jointly-controlled entity is not included in the measure of segment assets but are regularly provided to the chief operating decision maker.

For the year ended 30 September 2011

5. SEGMENT INFORMATION *(Continued)*

(c) Geographic information

The following is an analysis of geographical location of the Group's revenue from external customers and the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets are based on the physical location of the assets, in case of property, plant and equipment, investment property and prepaid land lease payments.

	Hong Kong		PRC		Other Asian countries*		American countries**		European countries***		African countries****		Consolidated	
	2011 HK$'000	2010 HK$'000 (Restated)	**2011 HK$'000**	2010 HK$'000 (Restated)	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000 (Restated)
Turnover from external customers	**30,763**	51,986	**230,287**	234,952	**222,357**	212,947	**406,133**	325,674	**92,661**	119,523	**39,212**	36,778	**1,021,413**	981,860
Specified non-current assets *****	**16,587**	14,983	**566,001**	548,517	**–**	–	**–**	–	**–**	–	**–**	–	**582,588**	563,500

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

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

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

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

***** Specified non-current assets excluded available-for-sale investments and interest in a jointly-controlled entity.

(d) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2011 HK$'000	2010 HK$'000
Consumer electronic products – customer A	**195,738**	158,297

6. REVENUE, OTHER INCOME AND OTHER NET GAIN

Revenue

The principal activities of the Group are manufacturing and sale of electronic components and parts, consumer electronic products, integrated circuits and computer components and accessories. Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's revenue for the year is as follows:

	2011 HK$'000	2010 HK$'000
Revenue from the sale of goods	1,021,413	981,860

An analysis of revenue by major products is disclosed under note 5.

	2011 HK$'000	2010 HK$'000
Other income		
Bank and other interest income	1,440	2,297
Total interest income on financial assets not at fair value through profit or loss	1,440	2,297
Dividend income	316	225
Rental income	3,627	3,410
Others	1,646	4,715
	7,029	10,647
Other net gain		
Reversal of allowance for doubtful debts (note 21(b))	7,602	–
Reversal of impairment losses recognised on other receivables	620	–
Gain/(loss) arising on changes in fair value of investment property (note 14)	5,707	(797)
Gain on disposal of derivative financial instruments	–	67
Surplus on revaluation of property, plant and equipment	–	1,545
	13,929	815

Notes to the Financial Statements

For the year ended 30 September 2011

7. LOSS BEFORE TAXATION

	2011 HK$'000	2010 HK$'000 (Restated)
(a) Finance costs:		
Interest on bank loans wholly repayable within five years	**13,393**	6,527
Total interest expense on financial liabilities not at fair value through profit or loss	**13,393**	6,527
(b) Employee benefits expense (excluding directors' emoluments – note 8):		
Pension scheme contributions (defined contribution schemes)*	**5,963**	5,849
Reversal of provision for long service payment	**(41)**	(83)
Equity-settled share-based payments expenses	**1,126**	1,128
Salaries, wages and allowances	**258,347**	204,650
	265,395	211,544
(c) Other items:		
Cost of inventories sold	**995,004**	911,520
Depreciation	**76,131**	64,389
Amortisation of prepaid land lease payments	**1,759**	1,349
Minimum lease payments under operating leases in respect of land and buildings	**1,334**	3,351
Auditors' remuneration	**1,087**	970
Rental income from investment property	**(2,140)**	(2,048)
Rental income from operating leases, other then those relating to investment property	**(1,487)**	(1,362)
Reversal of write down of inventories (note 20)	**(3,940)**	(9,704)
(Reversal of)/allowance for doubtful debts (note 21(b))	**(7,602)**	3,600
Foreign exchange difference, net	**4,214**	62
Gain on disposal of derivative financial instruments	**–**	(67)
Loss arising on change in fair value of derivative financial instruments	**1,301**	–
(Gain)/loss arising on change in fair value of investment property	**(5,707)**	797
Surplus on revaluation of property, plant and equipment	**–**	(1,545)
(Reversal of)/impairment losses recognised on other receivables (note 22)	**(620)**	1,971

The cost of inventories sold includes reversal of write down of inventories of approximately HK$3,940,000 (2010: HK$9,704,000) and aggregate employee benefits expense, depreciation and amortisation of prepaid land lease payments of approximately HK$301,307,000 (2010: HK$247,631,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

* As at 30 September 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: HK$Nil).

For the year ended 30 September 2011

8. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' emoluments

Directors' emoluments for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	2011 HK$'000	2010 HK$'000
Fees	964	960
Salaries and allowances	5,739	5,748
Pension scheme contributions	36	36
Equity-settled share-based payment expenses	899	890
(Reversal) of long service payment	(23)	–
	7,615	7,634
Number of directors	8	8

The remuneration of directors for the year ended 30 September 2011 is set out below:

Name of directors	Fees HK$'000	Salaries and allowances HK$'000	Pension scheme contributions HK$'000	Share-based payments HK$'000	Long service payments HK$'000	Total HK$'000
Executive directors						
Ms. Wong King Ching, Helen	–	2,533	12	225	4	2,774
Mr. Leung Chi Fai	–	868	12	56	(29)	907
Ms. Wong King Man	–	2,338	12	225	2	2,577
Non-executive directors						
Mr. So Day Wing (i)	240	–	–	56	–	296
Mr. Wong Kim Seong	–	–	–	–	–	–
Mr. Wong Kun Kim (i)	240	–	–	56	–	296
Ms. Wong Chun Ying	244	–	–	225	–	469
Ms. Kan Lai Kuen (i)	240	–	–	56	–	296
	964	5,739	36	899	(23)	7,615

For the year ended 30 September 2011

8. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of directors for the year ended 30 September 2010 is set out below:

Name of directors	Fees	Salaries and allowances	Pension scheme contributions	Share-based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Ms. Wong King Ching, Helen	–	2,509	12	222	2,743
Mr. Leung Chi Fai	–	877	12	56	945
Ms. Wong King Man	–	2,362	12	222	2,596
Non-executive directors					
Mr. So Day Wing (i)	240	–	–	56	296
Mr. Wong Kim Seong	–	–	–	–	–
Mr. Wong Kun Kim (i)	240	–	–	56	296
Ms. Wong Chun Ying	240	–	–	222	462
Ms. Kan Lai Kuen (i)	240	–	–	56	296
	960	5,748	36	890	7,634

Note:

(i) Independent non-executive directors

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

(b) Individuals with highest emoluments

The aggregate of the emoluments in respect of the five individuals of highest emoluments (including directors) are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and allowances	**6,579**	6,676
(Reversal) of long service payment	**(22)**	–
Pension scheme contributions	**60**	60
Share-based payments	**542**	518
	7,159	7,254

8. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(b) Individuals with highest emoluments *(Continued)*

The five individuals whose emoluments were the highest in the Group for the year include three (2010: three) directors whose emoluments are reflected in the analysis presented in note 8(a). The emoluments payable to the remaining two (2010: two) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Long service payment	1	–
Salaries and allowances	840	928
Pension scheme contributions	24	24
Share-based payments	36	18
	901	970

The emoluments of the two (2010: two) individuals with the highest emoluments fall within the following band:

	Number of individuals	
	2011	2010
Emoluments band		
HK$Nil – HK$1,000,000	2	2

9. INCOME TAX

	2011 HK$'000	2010 HK$'000
Current tax – PRC		
Charge for the year	4,023	4,187
Over-provision in respect of previous years	–	(695)
Deferred tax (note 28)	1,427	795
	5,450	4,287

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2010: HK$Nil). Taxes on profits assessable in the PRC have been calculated at the rates of tax prevailing in the PRC, based on existing legislation, interpretations and practices in respect thereof.

9. INCOME TAX *(Continued)*

The 5th Session of the 10th National People's Congress approved the Corporate Income Tax Law of the PRC (the "New Corporate Income Tax Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 7 December 2007, which has been effective from 1 January 2008. According to the New Corporate Income Tax Law, the income tax rates for both domestic and foreign investment enterprises have been unified at 25% effective from 1 January 2008. Foreign enterprises which are entitled to special incentives will be given concessions throughout a 5-year transition period and the applicable rate will increase progressively to 25%. The Group's subsidiaries located in the PRC were subject to corporate income tax at a rate of 20% commencing on 1 January 2010 which will increase progressively to 25%.

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the region in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2011 HK$'000	2010 HK$'000
Loss before taxation	**(82,795)**	(32,437)
Notional tax on loss before taxation, calculated at the applicable tax rates in the respective jurisdictions	**(17,121)**	(6,489)
Tax effect of share of loss of a jointly-controlled entity	**530**	94
Lower tax rate for specific province or local entity	**–**	387
Income not subject to tax	**(197)**	(2,247)
Expenses not deductible for tax	**19,482**	10,319
Over-provision in respect of previous years	**–**	(695)
Tax losses not recognised	**2,756**	2,314
Effect of change in tax rates	**–**	604
Tax charge for the year	**5,450**	4,287

The share of tax attributable to the jointly-controlled entity amounting to HK$Nil (2010: HK$137,000) is included in "Share of loss of a jointly-controlled entity" on the face of the consolidated income statement.

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

The consolidated loss attributable to owners of the Company for the year ended 30 September 2011 includes a loss of approximately HK$26,481,000 (2010: HK$20,966,000) which has been dealt with in the financial statements of the Company (note 32).

For the year ended 30 September 2011

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$88,245,000 (2010: HK$36,724,000) and 1,016,001,301 (2010: 1,016,001,301) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares in existence for the years ended 30 September 2011 and 2010 since the Company's share options are anti-dilutive. Therefore, the diluted loss per share are the same as the basic loss per share.

12. OTHER COMPREHENSIVE INCOME/(LOSS)

Tax effects relating to each component of other comprehensive income/(loss)

	2011			2010		
	Before-tax amount HK$'000	Tax (expense)/ benefit HK$'000	Net-of-tax amount HK$'000	Before-tax amount HK$'000	Tax (expense)/ benefit HK$'000	Net-of-tax amount HK$'000
Exchange differences on translation of financial statements of foreign operations	39,917	–	39,917	13,108	–	13,108
Surplus on revaluation of property, plant and equipment	29,960	(7,367)	22,593	39,518	(12,398)	27,120
Loss arising on changes in fair value of available-for-sale investments	(1,657)	–	(1,657)	(936)	–	(936)
	68,220	(7,367)	60,853	51,690	(12,398)	39,292

Notes to the Financial Statements

For the year ended 30 September 2011

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation:									
At 1 October 2010	–	270,302	85,301	498,172	3,196	13,912	1,044	87,140	959,067
Effect of adoption of the amendments to HKAS17	6,650	–	–	–	–	–	–	–	6,650
At 1 October 2010 as restated	6,650	270,302	85,301	498,172	3,196	13,912	1,044	87,140	965,717
Additions	–	–	–	2,468	4,714	–	–	27,759	34,941
Revaluation	–	43,681	–	22,829	–	–	–	–	66,510
Exchange realignment	–	13,280	4,219	25,378	156	709	2	5,093	48,837
At 30 September 2011	6,650	327,263	89,520	548,847	8,066	14,621	1,046	119,992	1,116,005
Accumulated depreciation:									
At 1 October 2010	–	108,561	66,339	334,433	–	4,174	995	–	514,502
Effect of adoption of the amendments to HKAS17	3,731	–	–	–	–	–	–	–	3,731
At 1 October 2010 as restated	3,731	108,561	66,339	334,433	–	4,174	995	–	518,233
Provided during the year	79	13,533	8,523	51,198	1,358	1,428	12	–	76,131
Revaluation	–	19,718	–	17,551	(770)	–	–	–	36,499
Exchange realignment	–	5,936	3,459	18,195	(3)	246	5	–	27,838
At 30 September 2011	3,810	147,748	78,321	421,377	585	5,848	1,012	–	658,701
Carrying amount:									
At 30 September 2011	2,840	179,515	11,199	127,470	7,481	8,773	34	119,992	457,304
At 1 October 2010	2,919	161,741	18,962	163,739	3,196	9,738	49	87,140	447,484
An analysis of cost or valuation:									
At cost	6,650	–	89,520	–	–	14,621	1,046	119,992	231,829
At valuation	–	327,263	–	548,847	8,066	–	–	–	884,176
	6,650	327,263	89,520	548,847	8,066	14,621	1,046	119,992	1,116,005

For the year ended 30 September 2011

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

Group *(Continued)*

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and office equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation:									
At 1 October 2009	–	223,366	84,014	417,553	3,466	13,696	1,043	53,245	796,383
Effect of adoption of the amendments of HKAS17	6,650	–	–	–	–	–	–	–	6,650
At 1 October 2009 as restated	6,650	223,366	84,014	417,553	3,466	13,696	1,043	53,245	803,033
Additions	–	–	–	8,856	722	–	–	32,483	42,061
Revaluation	–	26,225	–	65,117	(1,019)	–	–	–	90,323
Exchange realignment	–	20,711	1,287	6,646	27	216	1	1,412	30,300
At 30 September 2010	6,650	270,302	85,301	498,172	3,196	13,912	1,044	87,140	965,717
Accumulated depreciation:									
At 1 October 2009	–	67,777	57,082	248,160	–	2,740	982	–	376,741
Effect of adoption of the amendments to HKAS17	3,652	–	–	–	–	–	–	–	3,652
At 1 October 2009 as restated	3,652	67,777	57,082	248,160	–	2,740	982	–	380,393
Provided during the year, as restated	79	11,697	8,249	42,015	970	1,367	12	–	64,389
Revaluation	–	10,542	–	39,699	(982)	–	–	–	49,259
Exchange realignment	–	18,545	1,008	4,559	12	67	1	–	24,192
At 30 September 2010	3,731	108,561	66,339	334,433	–	4,174	995	–	518,233
Carrying amount:									
At 30 September 2010	2,919	161,741	18,962	163,739	3,196	9,738	49	87,140	447,484
At 1 October 2009	2,998	155,589	26,932	169,393	3,466	10,956	61	53,245	422,640
An analysis of cost or valuation:									
At cost	6,650	–	85,301	–	–	13,912	1,044	87,140	194,047
At valuation	–	270,302	–	498,172	3,196	–	–	–	771,670
	6,650	270,302	85,301	498,172	3,196	13,912	1,044	87,140	965,717

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

The Group's buildings located in Hong Kong were revalued at 30 September 2011 on an open market value, existing use basis by reference to market evidence of transaction prices for similar properties, at approximately HK$10,760,000 (2010: HK$9,650,000). The Group's buildings located elsewhere in the PRC were revalued at 30 September 2011 on a depreciated replacement cost basis by reference to current replacement cost of the buildings, at approximately HK$168,755,000 (2010: HK$152,091,000). Revaluation surplus of HK$47,000 (2010: surplus of HK$1,568,000) and HK$23,916,000 (2010: surplus of HK$14,114,000) resulting from the revaluations have been recognised in profit or loss and other comprehensive income respectively.

The Group's buildings included above are held under the following lease terms:

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong, held under medium-term leases	**10,760**	9,650
PRC, medium-term land use rights	**168,755**	152,091
	179,515	161,741

The Group's leasehold land is situated in Hong Kong held under medium-term lease.

The Group's plant, machinery and office equipment was revalued at 30 September 2011 on a depreciated replacement cost basis by reference to current replacement cost of the plant and machinery and office equipment at approximately HK$127,470,000 (2010: HK$163,739,000). Revaluation surplus of HK$5,000 (2010: HK$23,000) and surplus of HK$5,274,000 (2010: HK$25,440,000) resulting from the revaluations have been recognised in profit or loss and other comprehensive income respectively.

The Group's motor vehicles were revalued at 30 September 2011 on an open market value, existing use basis by reference to market evidence of transaction prices for similar vehicles, at approximately HK$7,481,000 (2010: HK$3,196,000). Revaluation surplus of HK$770,000 (2010: deficit of HK$36,000) resulting from the revaluation have been recognised in the other comprehensive income.

The Group's buildings, plant, machinery and office equipment and motor vehicles were revalued by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional valuers which have appropriate qualifications and experience in the valuation of these properties.

Had the Group's buildings, plant, machinery and office equipment, and motor vehicles been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$112,808,000 (2010: HK$125,416,000), HK$146,846,000 (2010: HK$162,636,000) and HK$6,104,000 (2010: HK$2,025,000) respectively.

Certain buildings of the Group with a total carrying value of HK$97,999,000 (2010: HK$9,470,000) were pledged to secure banking facilities granted to the Group (note 27) as at 30 September 2011.

For the year ended 30 September 2011

14. INVESTMENT PROPERTY

	Group	
	2011	2010
	HK$'000	HK$'000
Carrying amount at the beginning of the year	**48,404**	48,450
Gain/(loss) arising on change in fair value (note 6)	**5,707**	(797)
Exchange realignment	**2,601**	751
Carrying amount at the end of the year	**56,712**	48,404

The investment property, with a carrying amount of approximately HK$56,712,000 (2010: HK$48,404,000), is situated in the PRC and is held under medium term lease.

The Group's investment property located in the PRC was revalued on 30 September 2011 on an open market value, existing use basis, at approximately HK$56,712,000 (2010: HK$48,404,000). The valuation was arrived at by reference to market evidence of transaction prices for similar properties. A gain of HK$5,707,000 (2010: loss of HK$797,000) arising from a change in the fair value of investment property has been recognised in profit or loss. The investment property is leased to a third party under an operating lease, further details of which are included in note 34(a) to the financial statements.

The Group's investment property was revalued by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional valuers which have appropriate qualifications and experience in the valuation of these properties.

At the end of the reporting period, certificate of ownership in respect of the investment property in the PRC with a fair value of approximately HK$56,712,000 (2010: HK$48,404,000), had not been issued by the relevant authorities in the PRC and is still in progress.

The investment property with a carrying amount of approximately HK$56,712,000 (2010: HK$48,404,000) was pledged to secure banking facilities granted to the Group (note 27) as at 30 September 2011.

For the year ended 30 September 2011

15. PREPAID LAND LEASE PAYMENTS

	Group		
	At 30 September		At 1 October
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
At beginning of the year as previously reported	**71,229**	71,611	69,584
Effect of adoption of the amendment to HKAS 17	**(2,919)**	(2,998)	(3,077)
At beginning of the year as restated	**68,310**	68,613	66,507
Additions	**–**	–	1,191
Amortisation during the year	**(1,759)**	(1,349)	(1,348)
Exchange realignment	**3,780**	1,046	2,263
Carrying amount at the end of the year	**70,331**	68,310	68,613
Current portion included in prepayments, deposits and other receivables	**(1,759)**	(1,349)	(1,348)
Non-current portion	**68,572**	66,961	67,265

The Group's prepaid land lease payments included above are held under the following lease terms:

	Group		
	At 30 September		At 1 October
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
PRC, medium term land use rights	**70,331**	68,310	68,613

Certain prepaid land lease payments of the Group with a total carrying value of HK$11,260,000 (2010: HK$2,844,000) were pledged to secure banking facilities granted to the Group (note 27) as at 30 September 2011.

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16. INTERESTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted investment, at cost	**118,577**	118,577
Due from subsidiaries	**393,147**	399,193
Less: Allowance for doubtful debts	**(51,131)**	(32,890)
	342,016	366,303
Due to a subsidiary	**(2)**	(2)

Movements in the impairment loss recognised are as follows:

	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**32,890**	20,304
Impairment loss recognised	**18,241**	12,586
Balance at the end of the year	**51,131**	32,890

As at 30 September 2011, included in amounts due from subsidiaries of HK$51,131,000 (2010: HK$32,890,000) were determined to be impaired. These subsidiaries had net liability position. Therefore, allowances for amounts due from subsidiaries were recognised.

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from/(to) subsidiaries approximate their fair values.

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16. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and operations	Particular of issued and paid-up share capital/ registered capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Sunway International (BVI) Holdings Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Kenko International Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	–	100%	Trading of electronic products
Regal Honour Industrial Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	–	100%	Trading of computer and electronic products
Guidy International Limited	Hong Kong	3 ordinary shares of HK$1 each *6,500 non-voting deferred shares of HK$1 each	100%	–	100%	Trading of electronic products
Sungo Holding Company Limited	Hong Kong	3 ordinary shares of HK$1 each *6,500,000 non-voting deferred shares of HK$1 each	100%	–	100%	Trading of electronic products
Xinwei Electronic Industrial Co., Ltd., Fujian **	PRC	HK$183,655,813	100%	–	100%	Manufacture and trading of electronic products
Sunway Information Technology Company Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	100%	Investment holding
Putian Sunyee LCD Technology Co., Ltd. **	PRC	HK$90,000,000	100%	–	100%	Manufacture of liquid crystal display products
Sunway Macao Commercial Offshore Company Limited	Macau	100,000 ordinary shares of MOP1 each	100%	–	100%	Trading of electronic products

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

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

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

17. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**13,428**	14,840
Due to a jointly-controlled entity	**(232)**	(22)

The amount due to a jointly-controlled entity is unsecured, interest-free and has no fixed term of repayment. The carrying amount approximates its fair value.

As at 30 September 2011 and 2010, the Group had an interest in the following jointly-controlled entity:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Percentage of ownership interest	Principal activities
Taiwan Communication (Fujian) Company Limited	Corporate	PRC	PRC	Registered capital	40%	Manufacture and trading of telecommunication products

Interest in the jointly-controlled entity is indirectly held by the Company.

Summary financial information on the jointly-controlled entity related to the Group's interests:

	2011	2010
	HK$'000	HK$'000
Non-current assets	**3,667**	4,355
Current assets	**25,335**	24,010
Current liabilities	**15,574**	13,525
Income	**2,961**	10,420
Expenses	**5,079**	10,795

18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	Group and Company	
	2011	2010
	HK$'000	HK$'000
Listed investments:		
Equity securities listed in Hong Kong at fair value	**5,368**	7,025
Analysed for reporting purposes as:		
Current assets	**–**	–
Non-current assets	**5,368**	7,025
	5,368	7,025

The fair value of the above listed securities is determined based on the quoted market bid price at the end of the reporting period as quoted by the Stock Exchange.

19. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The balances represent aggregate deposits of HK$Nil (2010: HK$651,000) paid in respect of purchases of property, plant and equipment. The related capital commitments are set out in note 35.

20. INVENTORIES

	Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**86,267**	45,677
Work in progress	**108,367**	132,502
Finished goods	**75,621**	107,717
	270,255	285,896

20. INVENTORIES *(Continued)*

The analysis of the amount of inventories recognised as an expense is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Carrying amount of inventories sold	**998,944**	921,224
(Reversal of write down) of inventories (note 7(c))	**(3,940)**	(9,704)
	995,004	911,520

The reversal of write down of inventories made in prior years arose as a result of an increase in the estimated net realisable value of certain goods which have been sold during the year.

21. TRADE RECEIVABLES

	Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	**199,581**	242,861
Less: Allowance for doubtful debts (note 21(b))	**(40,982)**	(46,452)
	158,599	196,409

(a) Ageing analysis

An ageing analysis of the trade receivables net of allowance for doubtful debts as at the end of the reporting period is presented based on the invoice date as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current to 3 months	**134,943**	155,737
4 to 6 months	**21,887**	36,556
7 to 12 months	**1,769**	4,116
Over 1 year	**–**	–
	158,599	196,409

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. The credit period is generally for a period of three months from the date of billing, except for certain well-established customers, where the terms are extended to six months. The Group seeks to maintain strict control over its receivables to minimise credit risk. Trade receivables are non-interest bearing. Further details on the Group's credit policy are set out in note 40(d).

21. TRADE RECEIVABLES *(Continued)*

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(e)(i)).

Movement in the allowance for doubtful debts for trade receivables:

	Group	
	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**46,452**	42,140
Impairment losses recognised on receivables	**2,900**	3,600
Impairment losses reversed	**(10,502)**	–
Exchange realignment	**2,132**	712
Balance at end of the year	**40,982**	46,452

At 30 September 2011, the Group's trade receivables of HK$2,900,000 (2010: HK$3,600,000) was individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and over due for more than one year and management assessed that the recoverability of these receivables is in doubt. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$79,369,000 (2010: HK$66,066,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

	Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**79,230**	130,343
Within 3 months past due	**55,713**	25,394
4 to 6 months past due	**21,887**	36,556
7 to 12 months past due	**1,769**	4,116
Over 1 year past due	**–**	–
	158,599	196,409

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

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

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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group			Company		
	2011 HK$'000	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)	**2011 HK$'000**	2010 HK$'000	2009 HK$'000
Prepayments	**3,496**	2,802	2,778	**–**	–	–
Deposits paid	**15,387**	36,727	21,224	**–**	–	–
Other receivables	**42,108**	35,391	24,561	**62**	–	–
Less: Allowance for doubtful debts	**(10,049)**	(16,476)	(15,417)	**–**	–	–
	32,059	18,915	9,144	**62**	–	–
	50,942	58,444	33,146	**62**	–	–

Impairment of other receivables:

Impairment losses in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly (see note 2(e)(i)).

Movement in the allowance for doubtful debts for other receivables:

	Group	
	2011 HK$'000	2010 HK$'000
Balance at beginning of the year	**16,476**	15,417
(Reversal of)/impairment losses recognised on receivables	**(620)**	1,971
Amounts written off during the year as uncollectible	**(6,311)**	(1,071)
Exchange realignment	**504**	159
Balance at end of the year	**10,049**	16,476

At 30 September 2011, no other receivable of the Group was individually determined to be impaired. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there was no recent history of default and the balances are still considered fully recoverable.

In 2010, the Group's other receivables of HK$1,971,000 was individually determined to be impaired. The individually impaired receivables related to debtors that were in financial difficulties and over due for more than one year and management assessed that the recoverability of these receivables is in doubt.

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

23. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**223,607**	71,751	**613**	401
Pledged time deposits	**85,626**	27,058	**–**	–
	309,233	98,809	**613**	401
Less: Pledged time deposits for loans facilities (note 27)	**(85,626)**	(27,058)	**–**	–
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	**223,607**	71,751	**613**	401

At the end of the reporting period, cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK$285,170,000 (2010: HK$77,616,000). RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. The carrying amounts of the cash and cash equivalents and pledged time deposits approximate their fair values.

24. TRADE PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**115,091**	145,110	**–**	–
Other payables and accruals	**36,842**	25,500	**824**	358
Deposits received from customers	**10,999**	13,581	**–**	–
	162,932	184,191	**824**	358

24. TRADE PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES *(Continued)*

The following is an ageing analysis of trade payables presented based on invoice date as at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
Due less than 3 months or on demand	**104,122**	124,683
Due from 4 to 6 months	**4,598**	9,774
Due from 7 to 12 months	**1,416**	3,907
Due over 1 year	**4,955**	6,746
	115,091	145,110

The average credit period on purchases is 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Further details on the Group's financial risk management policies are set out in note 40(e).

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Foreign currency forward contracts	**1,301**	–

The foreign currency forward contracts are stated at fair value. The fair value of forward contracts is determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

At the end of the reporting period, the Group had 11 (2010: Nil) outstanding foreign currency forward contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to HK$1,301,000 (2010: HK$Nil) were included in profit or loss during the year. The above transactions involving derivative financial instruments are contracted with the Bank of China which has a A1 credit rating by Moody's.

26. DUE TO A DIRECTOR

The balance is unsecured, interest-free and repayable on demand.

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27. INTEREST-BEARING BANK BORROWINGS

Group

	2011			2010		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Trust receipt loans – secured	7	2011	5,975	7	2010	4,725
Bank loans – secured	2.01 – 7.50	2012	227,678	1.44 – 2.77	2010	28,888
Bank loans – unsecured	3.65 – 7.22	2012	141,358	4.86 – 5.31	2011	138,960
			375,011			172,573

	Group	
	2011 HK$'000	2010 HK$'000
Carrying amount of bank loan repayable as follows (note a):		
On demand or within one year	375,011	172,573
More than one year but not more than two years	–	–
More than two years but not more than five years	–	–
	375,011	172,573

Notes:

(a) The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

(b) As at 30 September 2011, the Group's bank borrowings are secured by:

(i) certain leasehold land and buildings of HK$97,999,000 (2010: HK$9,470,000) (note 13);

(ii) certain prepaid land lease payments of HK$11,260,000 (2010: HK$2,844,000) (note 15);

(iii) investment property of HK$56,712,000 (2010: HK$48,404,000) (note 14);

(iv) time deposits amounting to HK$85,626,000 (2010: HK$27,058,000) (note 23);

(v) corporate guarantee executed by the Company and the subsidiary companies within the Group; and

(vi) personal guarantee executed by the Company's directors.

(c) Except for the unsecured bank loan of approximately HK$141,358,000 (2010: HK$138,960,000) and secured loans of approximately HK$172,913,000 (2010: HK$15,818,000) bear interests at fixed interest rate, all other borrowings bear interests at floating interest rates.

28. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	Group		
	Fair value adjustment of investment property HK$'000	**Revaluation of property, plant and equipment** HK$'000	**Total** HK$'000
At 1 October 2009	2,729	10,786	13,515
Charged/(credited) to the income statement			
– Change in tax rate	682	(78)	604
– (Credited)/charged for the year	(199)	390	191
Charged to other comprehensive income			
– Change in tax rate	–	2,554	2,554
– Charged for the year	–	9,844	9,844
Exchange differences	32	223	255
At 30 September 2010	3,244	23,719	26,963
Charged to the income statement	1,427	–	1,427
Charged to other comprehensive income	–	7,367	7,367
Exchange differences	56	362	418
At 30 September 2011	4,727	31,448	36,175

At the end of the reporting period, the Group had estimated unutilised tax losses arising from subsidiaries in Hong Kong of approximately HK$81,564,000 (2010: HK$64,882,000) as at 30 September 2011 that are available to offset against future profits. The unused tax losses do not expire under current tax legislation. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

The New Corporate Income Tax Law which took effect from 1 January 2008 imposes a withholding tax at 10%, unless reduced by a tax treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008. Under the Arrangement between Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Hong Kong tax residents which hold 25% or more of a PRC-resident enterprise are entitled to a reduced dividend withholding tax rate of 5%. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax under CaiShui (2008) No. 1 Notice on certain preferential Corporate Income Tax policies.

Accordingly, the Company will be subject to a 5% withholding tax on dividends receivable from its PRC subsidiaries in respect of its profits earned since 1 January 2008. At 30 September 2011, no deferred tax liabilities has been recognised in respect of such withholding tax as the Company controls the dividend policy of these subsidiaries and it has been determined that no dividend will be distributed by these subsidiaries in the foreseeable future.

29. PROVISION FOR LONG SERVICE PAYMENT

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**690**	818	**245**	245
Reversal during the year	**(64)**	(83)	**(23)**	–
Utilised during the year	**–**	(45)	**–**	–
At end of the year	**626**	690	**222**	245

Under the Hong Kong Employment Ordinance, an entity is required to make long service payment to its employees upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the specified circumstances. However, where an employment is simultaneously entitled to a long service payment and to a retirement scheme payment, the amount of the long service payment may be reduced by certain benefits arising from the retirement scheme.

30. SHARE CAPITAL

	Company	
	2011	2010
	HK$'000	HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
1,016,001,301 ordinary shares of HK$0.10 each	**101,600**	101,600

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

Details of the Company's option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEME

(a) Share Option Scheme adopted on 3 September 1999 (the "Old Option Scheme")

Pursuant to the Old Option Scheme, the exercise price of the share options was determinable by the directors, but could not be less than the higher of (1) 80% of the average of the closing price of shares on the Stock Exchange for the five trading days immediately preceding the date of offer of grant of the share options; or (2) the nominal value of the shares of the Company. The Company terminated the Old Option Scheme, in response to the amendments by the Stock Exchange in connection with Chapter 17 (Share Option Schemes) of the Listing Rules. The options granted under the Old Option Scheme expired on 24 October 2009.

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

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

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

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

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

31. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

On 2 November 2009, the Company granted options to certain directors and employees of the Group to subscribe for a total of 90,600,000 ordinary shares of HK$0.1 per share each on or before 1 November 2019. At 30 September 2011, the number of shares in respect of which options had been granted under the New Option Scheme was 90,100,000 (2010: 90,100,000), representing 8.7% (2010: 8.7%) of the shares of the Company in issue at that date. The options outstanding had a weighted average remaining contractual life of 8.1 years (2010: 9.1 years).

As at the date of this annual report, 90,100,000 shares were available for issue under the Share Option Scheme, representing approximately 8.7% of the issued share capital of the Company at that date,

31. SHARE OPTION SCHEME *(Continued)*

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

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

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	Outstanding at 1/10/2009	Granted during the year	Lapsed during the year	Outstanding at 1/10/2010	Granted during the year	Lapsed during the year	Outstanding at 30/9/2011
Executive Directors	2.11.2009	Immediate	2.11.2009 – 1.11.2019	0.19	–	4,500,000	–	4,500,000	–	–	4,500,000(*)
		2.11.2009 – 1.11.2010	2.11.2010 – 1.11.2019	0.19	–	4,500,000	–	4,500,000	–	–	4,500,000(*)
		2.11.2010 – 1.11.2011	2.11.2011 – 1.11.2019	0.19	–	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2011 – 1.11.2012	2.11.2012 – 1.11.2019	0.19	–	4,500,000	–	4,500,000	–	–	4,500,000
		2.11.2012 – 1.11.2013	2.11.2013 – 1.11.2019	0.19	–	4,500,000	–	4,500,000	–	–	4,500,000
Non-Executive Director	2.11.2009	Immediate	2.11.2009 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000(*)
		2.11.2009 – 1.11.2010	2.11.2010 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000(*)
		2.11.2010 – 1.11.2011	2.11.2011 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2011 – 1.11.2012	2.11.2012 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2012 – 1.11.2013	2.11.2013 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
Independent Non-Executive Directors	2.11.2009	Immediate	2.11.2009 – 1.11.2019	0.19	–	1,500,000	–	1,500,000	–	–	1,500,000(*)
		2.11.2009 – 1.11.2010	2.11.2010 – 1.11.2019	0.19	–	1,500,000	–	1,500,000	–	–	1,500,000(*)
		2.11.2010 – 1.11.2011	2.11.2011 – 1.11.2019	0.19	–	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2011 – 1.11.2012	2.11.2012 – 1.11.2019	0.19	–	1,500,000	–	1,500,000	–	–	1,500,000
		2.11.2012 – 1.11.2013	2.11.2013 – 1.11.2019	0.19	–	1,500,000	–	1,500,000	–	–	1,500,000
Associate of a Director	2.11.2009	Immediate	2.11.2009 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000(*)
		2.11.2009 – 1.11.2010	2.11.2010 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000(*)
		2.11.2010 – 1.11.2011	2.11.2011 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2011 – 1.11.2012	2.11.2012 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
		2.11.2012 – 1.11.2013	2.11.2013 – 1.11.2019	0.19	–	2,000,000	–	2,000,000	–	–	2,000,000
Employees	2.11.2009	Immediate	2.11.2009 – 1.11.2019	0.19	–	8,120,000	(100,000)	8,020,000	–	–	8,020,000(*)
		2.11.2009 – 1.11.2010	2.11.2010 – 1.11.2019	0.19	–	8,120,000	(100,000)	8,020,000	–	–	8,020,000(*)
		2.11.2010 – 1.11.2011	2.11.2011 – 1.11.2019	0.19	–	8,120,000	(100,000)	8,020,000	–	–	8,020,000
		2.11.2011 – 1.11.2012	2.11.2012 – 1.11.2019	0.19	–	8,120,000	(100,000)	8,020,000	–	–	8,020,000
		2.11.2012 – 1.11.2013	2.11.2013 – 1.11.2019	0.19	–	8,120,000	(100,000)	8,020,000	–	–	8,020,000
					–	90,600,000	(500,000)	90,100,000	–	–	90,100,000
(*) Exercisable at the end of the reporting period											36,040,000

31. SHARE OPTION SCHEME *(Continued)*

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

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

Inputs into the model

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

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

No share option has been exercised during the year.

During the year, the Group recognised share-based payment expense of HK$2,025,000 (2010: HK$2,018,000) in relation to the share options granted by the Company.

32. RESERVES AND DIVIDENDS

(a) Movement in components of equity

Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

For the year ended 30 September 2011

32. RESERVES AND DIVIDENDS *(Continued)*

(a) Movement in components of equity *(Continued)*

Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Fair value reserve HK$'000	Total HK$'000
At 1 October 2009	177,325	118,377	509	–	111,971	1,803	409,985
Loss arising on change in fair value of available-for-sale investments	–	–	–	–	–	(936)	(936)
Loss for the year	–	–	–	–	(20,966)	–	(20,966)
Total comprehensive loss for the year	–	–	–	–	(20,966)	(936)	(21,902)
Recognition of equity-settled share-based payments	–	–	–	2,018	–	–	2,018
Lapse of share options	–	–	–	(11)	11	–	–
At 30 September 2010	177,325	118,377	509	2,007	91,016	867	390,101
At 1 October 2010	177,325	118,377	509	2,007	91,016	867	390,101
Loss arising on change in fair value of available-for-sale investments	–	–	–	–	–	(1,657)	(1,657)
Loss for the year	–	–	–	–	(26,481)	–	(26,481)
Total comprehensive loss for the year	–	–	–	–	(26,481)	(1,657)	(28,138)
Recognition of equity-settled share-based payments	–	–	–	2,025	–	–	2,025
At 30 September 2011	177,325	118,377	509	4,032	64,535	(790)	363,988

32. RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

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

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

The contributed surplus of the Company at the date of acquisition represents the excess of the combined net assets of the subsidiaries acquired at the date of the acquisition over the aggregate of the nominal value of the Company's shares issued in exchange therefor.

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

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

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

(iii) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of shares issuable under unexercised share options granted to participants recognised in accordance with accounting policy adopted for share-based payment in note 2(u)(ii).

(iv) Reserve fund

Statutory reserve – wholly foreign-owned enterprises

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

32. RESERVES AND DIVIDENDS *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(v) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

(vi) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for property, plant and equipment in note 2(h).

(vii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(e)(i) and 2(f).

(viii) Distributability of reserves

At 30 September 2011, the aggregate amount of reserves available for distribution to owners of the Company including the distributable amounts disclosed in note 32(c)(ii), was HK$182,912,000 (2010: HK$209,393,000).

33. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

The Group also participates in a state-managed scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Notes to the Financial Statements

For the year ended 30 September 2011

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases out investment property under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At 30 September 2011, the Group had contracted with tenants for the following future minimum lease payments:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**1,281**	2,576
In the second to fifth year, inclusive	**381**	640
	1,662	3,216

(b) As lessee

The Group leases certain leasehold land and buildings under operating lease arrangements. Leases for leasehold land and buildings are negotiated for terms of one to three years.

At 30 September 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**628**	615
In the second to fifth year, inclusive	**308**	192
	936	807

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35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**59,543**	74,685

The Company did not have any significant commitment as at the end of the reporting period (2010: HK$Nil).

36. CONTINGENT LIABILITIES

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

	Company	
	2011	2010
	HK$'000	HK$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary	**58,000**	58,000

The Company had given corporate guarantees to banks in connection with banking facilities granted by the banks to a subsidiary. At the end of the reporting period, such facilities were drawn down by the subsidiary to extent of HK$17,672,000 (2010: HK$17,795,000). The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiary of HK$17,672,000 (2010: HK$17,795,000). No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Company under the guarantee.

The Group did not have any other significant contingent liabilities as at the end of the reporting period (2010: HK$Nil).

37. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year, the Group acquired certain property, plant and equipment, which was off-set by deposits of HK$669,000 (2010: HK$3,698,000) for acquisition of property, plant and equipment paid in prior years.

38. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

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

(a) Details of the Group's balance with its jointly-controlled entity as at the end of the reporting period are disclosed in note 17 to the financial statements.

(b) Details of terms and conditions of loan from a director are disclosed in note 26 to the financial statements.

(c) The key management personnel of the Group are the directors of the Company. Details of their emoluments are disclosed in note 8 to the financial statements.

(d) As at 30 September 2011, a bank borrowing amounting to approximately HK$73,020,000 (2010: HK$34,740,000) was guaranteed by the directors of the Company.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business.

39. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts (which include borrowings) and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio at 30 September 2011 and 2010 was as follows:

	Group	
	2011 **HK$'000**	2010 HK$'000
Debt (Note i)	**605,617**	414,760
Equity (Note ii)	**784,876**	810,243
Debt to equity ratio	**77.2%**	51.2%

For the year ended 30 September 2011

39. CAPITAL RISK MANAGEMENT *(Continued)*

(i) Debt comprises the current liabilities and non-current liabilities.

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

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments	**5,368**	7,025	**5,368**	7,025
Loans and receivables				
(including cash and cash equivalents)	**500,104**	314,133	**342,691**	366,704
Financial liabilities				
Amortised cost	**527,751**	343,498	**826**	360
Derivative financial instruments	**1,301**	–	**–**	–

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

For the year ended 30 September 2011

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

(a) Foreign currency risk

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

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary assets, monetary liabilities and derivative financial instruments denominated in a currency other than the functional currency of the entity to which they relate.

Group

Exposure to foreign currencies (expressed in HK$'000)

	2011			2010		
	US$	**RMB**	**JPY**	US$	RMB	JPY
Monetary assets and liabilities:						
Trade receivables	**39,225**	**670**	**–**	69,311	782	–
Other receivables	**5,987**	**36**	**–**	4,975	–	–
Pledged time deposits	**11,218**	**–**	**–**	11,202	–	–
Cash and cash equivalents	**11,063**	**–**	**42**	6,762	–	–
Trade payables	**(15,438)**	**(9,211)**	**(470)**	(11,071)	(10,938)	(451)
Interest-bearing bank borrowing	**(115,156)**	**–**	**(12,672)**	(15,818)	–	(9,334)
	(63,101)	**(8,505)**	**(13,100)**	65,361	(10,156)	(9,785)
Derivative financial liabilities:						
Foreign currency forward contract to sell RMB and buy US$	**(1,301)**	**–**	**–**	–	–	–

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

(a) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis

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

	2011			2010		
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax HK$'000	Increase/ (decrease) in retained profits HK$'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax HK$'000	Increase/ (decrease) in retained profits HK$'000
US$ against RMB	5%	4,452	(4,452)	5%	(1,380)	1,380
	(5%)	(4,452)	4,452	(5%)	1,380	(1,380)
Foreign currency forward contracts to sell RMB and buy US$ (US$ against RMB)	5%	(3,538)	3,538	5%	–	–
	(5%)	3,538	(3,538)	(5%)	–	–

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on the Group's loss after tax and retained profits measured in its functional currency, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2010.

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

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

(a) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis (Continued)

The Company's exposure on foreign currency risk is on other receivables and cash and cash equivalents denominated in the United States dollars. As US$ is pegged to HK$, in the opinion of the directors, the foreign currency risk of the Company is not significant. Accordingly, no sensitivity analysis has been prepared.

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

(b) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and fair value interest rate risk in relation to fixed-rate bank borrowings (see note 27 for details of these borrowings).

(i) Interest rate profile

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

	Group			
	2011		2010	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate borrowings:				
Bank loans	**2.01%-7.50%**	**314,271**	1.44%-5.31%	154,778
Variable rate borrowings:				
Bank loans	**7.00%-7.22%**	**60,740**	1.68%-7.00%	17,795
Total borrowings		**375,011**		172,573

The Company has no interest-bearing borrowings, and believes its exposure to interest rate risk is minimal.

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

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

(b) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

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

If interest rates had been 50 basis points increase/decrease and all other variables were held constant, the Group's loss after tax for the year ended 30 September 2011 would decrease/increase by approximately HK$799,000 (2010: HK$230,000). Retained profits of consolidated equity would have increase/decrease by approximately HK$799,000 (2010: HK$230,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rate.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest bearing financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2010.

(c) Other price risks

The Group is exposed to equity price risk arising from available-for-sale investments. Management manages this exposure by closely monitor with the price risk and will consider hedging the risk exposure should the need arise.

Management's best estimate of the effect on the Group's loss after tax and other components of equity due to a reasonably possible change in the relevant underlying stock price, with all other variables held constant, at the end of the reporting period is as follows (the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Group and Company			
	2011		2010	
	Decrease/ (increase) in loss after tax HK$'000	**Increase/ (decrease) in fair value reserve HK$'000**	Decrease/ (increase) in loss after tax HK$'000	Increase/ (decrease) in fair value reserve HK$'000
Underlying stock price				
+10%	**–**	**537**	–	703
-10%	**–**	**(537)**	–	(703)

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

(d) Credit risk

As at 30 September 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.

In order to minimise the credit risk, the management of the Group has to determine the credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. Concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 15% (2010: 23%) and 54% (2010: 50%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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

The Company's concentration of credit risk is on advances to subsidiaries. The management of the Company has closely monitored and reviewed the recoverability of the amounts and the directors of the Company consider such risk is considered manageable.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 21.

For the year ended 30 September 2011

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

(e) Liquidity risk

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

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

Group

	2011					2010				
		Contractual undiscounted cash outflow					Contractual undiscounted cash outflow			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
Trade payables, accrued liabilities and other payables	151,933	151,933	151,933	–	–	170,610	170,610	170,610	–	–
Due to a director	575	575	575	–	–	293	293	293	–	–
Due to a jointly-controlled entity	232	232	232	–	–	22	22	22	–	–
Interest-bearing bank borrowings	375,011	382,404	382,404	–	–	172,573	172,602	172,602	–	–
	527,751	535,144	535,144	–	–	343,498	343,527	343,527	–	–

Company

	2011					2010				
		Contractual undiscounted cash outflow					Contractual undiscounted cash outflow			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
Accrued liabilities and other payables	824	824	824	–	–	358	358	358	–	–
Due to a subsidiary	2	2	2	–	–	2	2	2	–	–
Financial guarantee contracts (note 36)	–	17,672	17,672	–	–	–	17,795	17,795	–	–
	826	18,498	18,498	–	–	360	18,155	18,155	–	–

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

(e) Liquidity risk *(Continued)*

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Group

	2011					2010				
		Contractual undiscounted cash inflow/(outflow)					Contractual undiscounted cash inflow/(outflow)			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
Derivatives – gross settlement										
Forward foreign exchange contracts										
– inflow	71,679	71,679	71,679	–	–	–	–	–	–	–
– outflow	(72,704)	(72,704)	(72,704)	–	–	–	–	–	–	–
	(1,025)	(1,025)	(1,025)	–	–	–	–	–	–	–

(f) Fair value measurements

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

– Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

– Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(f) Fair value measurements *(Continued)*

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Group

	2011			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Available-for-sale investments				
– Listed equity securities	**5,368**	**–**	**–**	**5,368**
Liabilities				
Derivative financial instruments				
– Forward currency exchange contracts	**–**	**1,301**	**–**	**1,301**

	2010			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale investments				
– Listed equity securities	7,025	–	–	7,025
Liabilities				
Derivative financial instruments				
– Forward currency exchange contracts	–	–	–	–

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

(f) Fair value measurements *(Continued)*

Company

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets				
Available-for-sale investments				
– Listed equity securities	**5,368**	**–**	**–**	**5,368**

	2010			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Available-for-sale investments				
– Listed equity securities	7,025	–	–	7,025

There was no transfer between instruments in Level 1 and Level 2 during the year 2011 and 2010.

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

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2011 and 2010.

41. COMPARATIVE FIGURES

As a result of the application of the relevant HKFRSs, certain comparative figures have been adjusted to conform with the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in current year. Further details of these developments are disclosed in note 3.