



@ANWELL

Annual Report 2012

COLOUR
Your Life

Colour your life and let it shine in future

Anwell Technologies Limited ("Anwell" or the "Group") is a global leader in providing integrated business solutions and innovative equipment for optical media and thin film solar panel manufacturing businesses. Leveraging on its cutting edge technology platforms and strong R&D capability since it was established in 2000, Anwell has developed its proprietary manufacturing technologies for optical disc, OLED panel and thin film solar panel. The Group has also further extended its business platform of solar products to become a vertically integrated solution provider for large-scale solar power projects. By offering a full range of products and EPC services including solar panel, design of installation, procurement of materials as well as construction, the Group is able to strengthen its competitiveness for sustainable future growth and worldwide expansion.



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Corporate Information

Directors

Executive Directors

Fan Kai Leung
(Executive Chairman and CEO)
Wu Wai Kin
Liu Huisen

Independent Non-Executive Directors

Professor Tan Cheng Han
Chan Kun Shuin
Associate Professor Bao Naikeng
Ng Ann Ling

Company Secretary

Yap Peck Khim, ACIS

Registered Office

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6533 7600
Fax: (65) 6594 7855

Business Office

Unit 10-15, 9/F Metro Loft
38 Kwai Hei Street, Kwai Chung
New Territories, Hong Kong

Principal Bankers

Industrial and Commercial Bank of China Limited
Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited

Legal Advisor to Singapore Law

Chancery Law Corporation

Auditors

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Partner in charge: Tham Tuck Seng
Year of appointment: 2011

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898



Corporate Structure



Equipment Division

Anwell Precision Technology (HK) Ltd.

Dongguan Anwell Digital Machinery Co., Ltd.

Media Products Division

UmeDisc (HK) Ltd.

Henan Kerry Digital Co., Ltd.

Jilin Qingda Digital Co., Ltd.

Solar Products Division

Dongguan Anwell Thin Film and Vacuum Technology Co., Ltd.

Henan Sungen Solar Fab Co., Ltd.

SUNGEN Power GmbH

SUNGEN International Ltd.

Sungen Australia Pty Ltd.

Sungen (Thailand) Ltd.

Milestones

2000–2002

- Start Up Capital: US\$100,000
- Set up Research & Development (“R&D”) centre
- Launched sub-systems for recordable CD manufacturing

2003

- Launched integrated business solutions for DVD-R and CD-R manufacturers

2004

- IPO on the Mainboard of the Singapore Exchange Securities Trading Limited on 4 November 2004

2007

- Introduced Blu-ray disc manufacturing equipment
- Setup OLED division
- Setup Media Products division

2008

- Intensified R&D effort in thin film solar panel manufacturing solution
- Setup Solar Products division

2009

- Completed the R&D project funded by the People's Republic of China ("PRC") government in OLED panel manufacturing technologies
- Manufacture of the first thin film solar panel with in-house designed thin film solar panel manufacturing equipment

2010

- Started mass production of thin film solar panel at the plant in Henan
- Achieved conversion efficiency of 8.58%, certified by National Laboratory of China
- Completed R&D for tandem solar panel

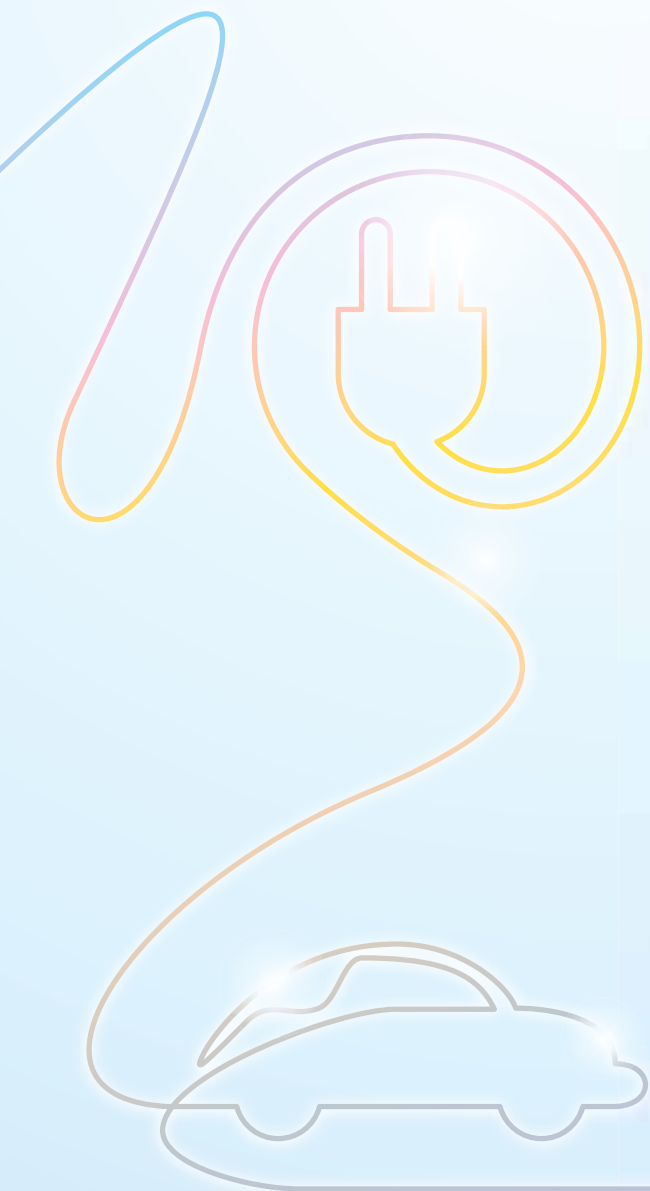
2011

- Increased annual production capacity up to 150MW at the thin film solar panel plant in Henan, PRC
- Started development of the Group's second thin film solar panel plant in Dongguan, PRC
- Tapped into India large-scale solar market with US\$20 million thin film solar panel order
- Secured long term funds from the PRC government to strengthen the Group's thin film solar panel manufacturing capability
- Group's revenue reached a record high of HK\$1.4 billion

2012

- Completed the first large-scale solar project in Thailand
- Completed the first phase of the construction of the new solar plant in Dongguan, PRC

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I would like to extend my gratitude for your trust and in support of the Group.

We rounded off the year in the midst of several challenges. The global economy was weighed down by the sovereign-debt crisis in Europe and rising operating costs in the PRC. Although we still see growth of the photovoltaic (PV) industry in 2012, the PV panel prices dropped during the year as a result of an oversupply of polysilicon and a more competitive environment. Falling prices of solar panels accelerated the industry consolidation, driving several solar companies out of business.

Despite the gloom of the market, Anwell took some important strides in the right direction. We embarked on a cost-effective, total solution strategy focused in Asian market such as Thailand and India. We took steps to achieve better economies of scale with increased capacities and intensification of our R&D efforts to enhance productivity. The latter has resulted in a significant reduction in production costs and the improvement can be seen in our FY2012 gross profit margin. Our matured media products business, supported by the lower production cost and a complete product portfolio, registered consistent growth throughout the year while the solar business was boosted by the completion of the Engineering, Procurement and Construction (“EPC”) project in Thailand in the third quarter of FY2012.

Sales from the media products business remains the Group's top revenue contributor, accounting for 59.1% of total revenue with HK\$790.2 million in FY2012, and the solar business accounted for 32.7% of total revenue with HK\$436.7 million.

The Group reported an operating profit of HK\$12.3 million for FY2012 versus a loss of HK\$504.3 million for FY2011. This was mainly due to the strong performance of the media products business. We narrowed our net loss attributable to shareholders significantly from HK\$523.8 million in FY2011 to HK\$266.2 million in FY2012.

Scaling up in Capacity and Evolving into an EPC Service Provider

During the past year, despite challenging market conditions, we have continued with our R&D efforts to increase our productivity. To offset the impact of declining solar panel prices, we are evolving from a thin film solar panel manufacturer into an one-stop shop EPC service provider.

We see vast potential in Asian market with the governments' aggressive plans to increase its green energy consumption over the next decades. With the vast supply of natural land space and sunlight, clear legal framework and favourable financing conditions, the management believes that the Group's one-stop shop EPC solutions will further enhance its competitiveness in solar industry.

In FY2012, we successfully completed our first EPC project in Thailand. The 11 megawatt solar project, built by Sungen Group, the solar business division of Anwell, commenced operations in Thailand in October 2012 with half of our total third quarter's revenue attributing from this landmark project.

Besides our efforts in sales of solar panels, we are also poised to leverage on the increasing number of the EPC projects to be rolled out in the coming years. Being an EPC contractor with flexible EPC project models allows the Group to provide variety of integrated solutions such as Build-Operate-Transfer (BOT) model for large-scale power projects, we are evaluating various opportunities in South East Asia aiming to secure more EPC contracts from there in the near to medium term. The Group will leverage on its technological expertise in this field and exploit new opportunities for various large-scale solar power projects worldwide.

To expand our capacity, work is underway at our second Dongguan plant, which is due for completion in FY2013. We believe that the completion of the plant will boost our production capacity to support our business expansion.



Rooftop solar power system at the plant in Henan, PRC



Anwell's first EPC project in Bangkok, Thailand



The new solar panel production base in Dongguan, PRC (to be completed in 2013)

Industry Outlook

Looking ahead, the global economy remains precarious, particularly with the ongoing Europe debt crisis, and the slowdown of global economy. Falling solar prices and industry consolidation will continue to plague the solar industry.

IHS, a renowned solar consultancy firm, expects the PV industry to achieve installation growth from 32 gigawatts in 2012 to 35 gigawatts in 2013. Although decreasing prices are expected to put downward pressure on overall revenue in the near term, the long-term outlook of the solar industry remains intact as industry revenue is forecasted to grow 49.4% to US\$115 billion by 2016.

The solar industry is expected to consolidate further due to lower margins and higher operating cost which will force more industry players to exit the industry. However, as we possess a cost leadership advantage, we see the consolidation as an opportunity for us to gain market share with our wide range of products and extensive solutions portfolio.

On a brighter note, the PRC is set to become the world's largest PV market, according to IHS. Projected to exceed 6 gigawatts in total solar installations, the PRC is expected to overtake Germany as the top solar market. In line with the PRC government policies to promote the renewable energy industry, Anwell is one of the selected solar companies which has received support from the PRC government in recognition of our technological development of solar products manufacturing in the PRC.

Lastly, I would like to thank our suppliers and customers for their support in this challenging time. I would also like to express my gratitude towards our employees' loyalty, hard work, dedication and commitment that they have rendered. Their support has allowed the Group to overcome the adversities and uncertainties during the year. With every new year comes new opportunities and challenges, I believe Anwell is well-equipped to face the challenges head on in the coming years.

Yours sincerely,

Fan Kai Leung

Executive Chairman & Chief Executive Officer

Solar Projects



20MW, India



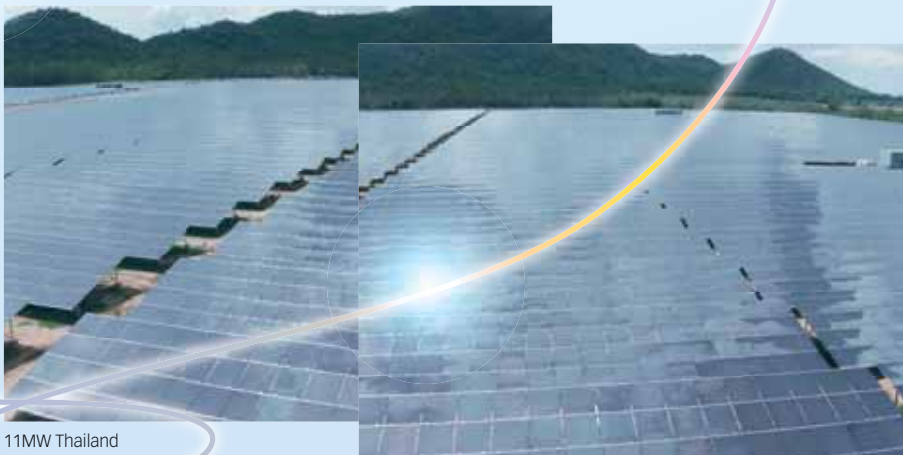
1MW, India



100KW, Greece



2.265MW, Germany



11MW Thailand

Global Presence

From its home base in Hong Kong, Anwell has extended its geographical reach to compete effectively in the global marketplace.



Anwell Technologies Limited

● Singapore

Media Products Distribution Centres

● California, USA
● Panama

Headquarters

● Hong Kong

Sales Network

● Bangkok, Thailand
● Beijing, PRC
● California, USA
● Dongguan, PRC
● Hamburg, Germany
● New Delhi, India
● São Paulo, Brazil
● Sydney, Australia
● Taipei, Taiwan

Headquarters and Manufacturing Hubs



Equipment Division

Dongguan Anwell Digital Machinery Co., Ltd. &

Dongguan Litewell (OLED) Technology Co., Ltd.



ANWELL HEADQUARTERS



Media Products Division

Henan Kerry Digital Co., Ltd.



Jilin Qingda Digital Co., Ltd.



Solar Products Division

Dongguan Anwell Thin Film and Vacuum Technology Co., Ltd.

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Henan Sungen Solar Fab Co., Ltd.



Dongguan Sungen Solar Co., Ltd.



To be completed in 2013

Board of Directors



Front row : Chan Kun Shuin, Ng Ann Ling, Fan Kai Leung, Liu Huisen
Second row : Associate Professor Bao Naikeng, Wu Wai Kin, Professor Tan Cheng Han

Fan Kai Leung

Executive Chairman and CEO

Mr. Fan Kai Leung is the Executive Chairman and CEO of our Group. He is one of our principal founders and is the driving force behind our strategic business development and growth of our Group. He has more than 15 years of experience in application development of thin film and vacuum coating technologies, specialising in the optical storage industry. Mr. Fan is conversant in all aspects of the business, and is particularly active in marketing management where he is instrumental in building up the Group's global business platform. He obtained a Master's Degree in Electronics Engineering from The Chinese University of Hong Kong in 1993. He also obtained a Bachelor of Science Degree with Honours in Applied Physics from the Hong Kong Baptist College (now known as the Hong Kong Baptist University) in 1992.

Wu Wai Kin

Executive Director and CFO

Mr. Wu Wai Kin is an Executive Director of our Group. He is responsible for the financial management, administration and information technology functions of the Group. As one of the key founders of the Group, he helped set up the organisational structure of the Group since the beginning and was also instrumental in helping to steer the listing exercise of the Group. Mr. Wu obtained a Bachelor's Degree in Business Administration from the Chinese University of Hong Kong in 1991 and he has extensive experience in strategic planning, financial advisory and banking.

Liu Huisen

Executive Director and COO

Mr. Liu Huisen is an Executive Director of our Group. He is responsible for the production and operations of our Group, including managing the Group's global supply chain operations, and overseeing after-sales function of all business segments. Mr. Liu has over 15 years of experience in the manufacturing sector. He obtained a Diploma in Mechanical Engineering from Hua Nan Technical University, PRC in 1992.

Professor Tan Cheng Han

Independent Director

Professor Tan was appointed as our Independent Director on 17 September 2004. Currently, he is a Professor at the Faculty of Law of the National University of Singapore ("NUS"). He has been with NUS since 1988. Professor Tan also practises as a commercial litigation lawyer. He is a Commissioner of the Competition Commission of Singapore besides holding appointments in other statutory bodies. Professor Tan obtained a Bachelor's Degree in Law with Honours from NUS in 1987 and a Master's Degree in Law from the University of Cambridge (United Kingdom) in 1990.

Chan Kun Shuin Independent Director

Mr. Chan Kun Shuin was appointed as our Independent Director on 17 September 2004. He is a partner at Chan & Cheung, Certified Public Accountants, Hong Kong. Mr. Chan is a practising Certified Public Accountant since 2000. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chan obtained a Bachelor of Arts Degree with Honours in Accountancy from the Hong Kong Polytechnic University in 1992.

Associate Professor Bao Naikeng Independent Director

Associate Professor Bao was appointed as our Independent Director on 1 March 2006. He was an Associate Professor of Electronic Engineering at the City University of Hong Kong since 1990. He was appointed as Professor in the Photo-Mechanics Research Division of the Department of Mechanics at Tongji University for more than 20 years. From 1984 to 1988, Associate Professor Bao was a Visiting Associate Professor at Oakland University, Michigan, USA. In 1989, he joined The Chinese University of Hong Kong as a Research Associate. His main research interests are photo-machtronics using optical holography, Fourier hologram image processing and fabrication binary diffractive optical element using electron beam lithographic system.

Ng Ann Ling Independent Director

Ms. Ng Ann Ling was appointed as our Independent Director on 24 April 2008. She obtained a Bachelor of Arts Degree with Honours in Accountancy from De Montfort University (United Kingdom) in 1994 and was qualified as a Certified Public Accountant since 1999. She is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Ms. Ng has over 15 years of experience in accounting and training in management development, having held a Senior Manager position in PricewaterhouseCoopers.

Dr Yeung Ming Sang Chief Technology Officer

Dr. Yeung Ming Sang is the Chief Technology Officer of our Group. He is responsible for the Group's research and development activities. He obtained a Bachelor's Degree in Electronics Engineering from Sun Yat Sen University, PRC in 1987, a Master of Science Degree in Electronics Engineering from the same university in 1990 and a Doctorate Degree in Information Engineering from The Chinese University of Hong Kong in 1994. Dr. Yeung also has over 15 years of experience in research and development of optical storage industry with expertise in thin film and vacuum coating technologies.

Kwong Chi Kit, Victor Group Financial Controller

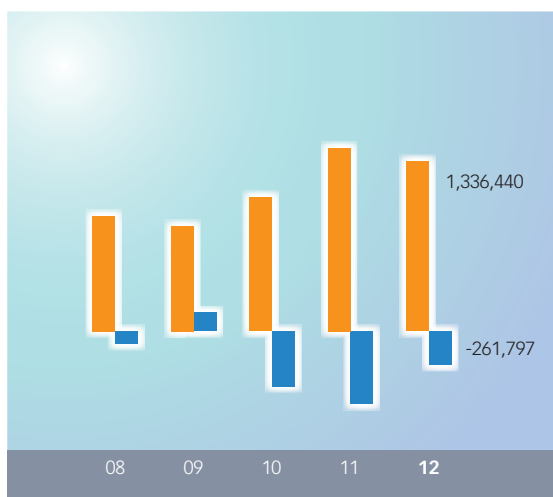
Mr. Victor Kwong, our Group Financial Controller, is responsible for overseeing the financial and accounting affairs of the Group. He has more than 15 years of experience covering auditing, accounting and financial management in the commercial, manufacturing and public accounting sectors. Mr. Victor Kwong is a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and associate member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor Degree of Commerce from Curtin University of Technology, Australia.

Financial Highlights

Financial Performance

(HK\$'000)

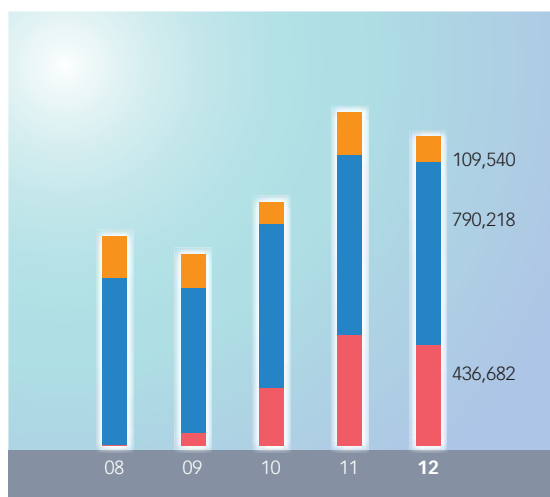
- Sales
- Net Profit/(loss)



Revenue by Business Segment

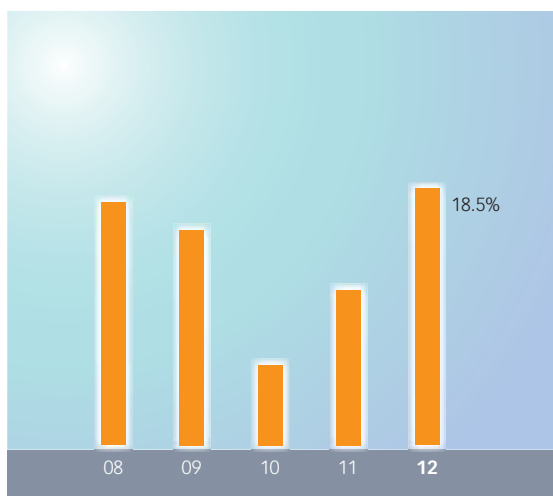
(HK\$'000)

- Equipment Manufacturing
- Solar Products
- Media Products



Gross Profit Margin

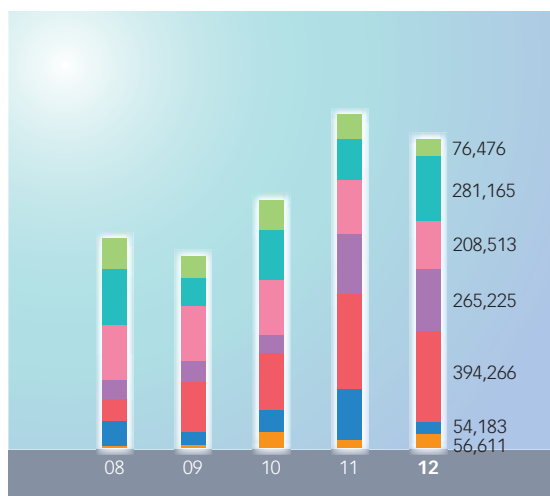
(%)



Revenue by Geographical Segment

(HK\$'000)

- North America
- PRC
- South America
- Hong Kong
- Europe
- Others
- Rest of Asia



Financial Highlights

Financial year-end December	FY2008	FY2009	FY2010	FY2011	FY2012	Change %
Profit Statement (HK\$'000)⁽¹⁾						
Sales	905,370	828,607	1,054,043	1,440,815	1,336,440	(7)%
Gross profit	158,303	128,291	61,336	161,141	247,020	53%
Operating profit/(loss)	(47,345)	45,297	(311,507)	(504,297)	12,325	(102)%
Profit/(loss) before tax	(77,893)	9,396	(355,486)	(613,884)	(208,512)	(66)%
Net profit/(loss)	(97,087)	145,730	(434,407)	(571,990)	(261,797)	(54)%
Balance Sheet (HK\$'000)						
Shareholders' equity	1,120,482	1,272,895	1,003,576	508,116	228,141	
Total assets	2,505,645	2,773,068	3,012,062	5,506,961	5,405,025	
Total cash	238,358	201,416	249,453	1,842,877	1,743,954	
Total borrowings	429,810	542,885	989,670	3,734,631	4,138,840	
Financial Ratio (%)						
Gross profit margin	17.5%	15.5%	5.8%	11.2%	18.5%	
Net profit/(loss) margin	(10.7)%	17.6%	(41.2)%	(39.7)%	(19.6)%	
Return on average equity	(8.8)%	12.6%	(36.6)%	(69.3)%	(72.3)%	
Gross gearing	38.4%	42.6%	98.6%	735.0%	1814.2%	
Per share data (HK cents)						
Net profit/(loss) ⁽²⁾	(39.70)	59.43	(143.55)	(168.19)	(85.49)	
Net tangible assets ⁽³⁾	374.72	488.08	319.37	142.75	49.88	
Dividends, tax exempt	–	–	–	–	–	
Per share data (SG cents)						
Net profit/(loss) ⁽²⁾	(7.41)	10.72	(23.64)	(27.86)	(14.16)*	
Net tangible assets ⁽³⁾	69.96	88.03	52.60	23.64	8.26*	
Dividends, tax exempt	–	–	–	–	–	

* Based on rate of S\$1: HK\$6.39930

Notes:

- (1) The calculation of gearing is based on the total borrowings divided by shareholders' equity.
- (2) The calculation of loss per share for financial year ended 31 December 2012 and 31 December 2011 have been calculated based on the weighted average share capital of 311,347,250 Shares and 311,421,771 Shares respectively. The calculation of loss per share for the financial year ended 31 December 2010 has been calculated based on the weighted average number of ordinary shares of 290,402,356 Shares. The calculation of earnings/(loss) per share for 31 December 2009 and 31 December 2008 were based on the weighted average 254,639,375 as at 31 December 2009 and 31 December 2008 respectively.
- (3) The net tangible asset per ordinary share of the Group as at 31 December 2012 was calculated based on 311,347,250 shares. The net tangible asset per ordinary share of the Group as at 31 December 2011 and 31 December 2010 were calculated based on 311,347,250 and 311,647,250 ordinary shares respectively. The net tangible asset per ordinary share of the Group as at 31 December 2009 and 31 December 2008 were calculated based on the issued share capital of the Company of 254,639,375 shares as at 31 December 2009 and 31 December 2008 respectively.

Financial Review

Consolidated Income Statement

Group's turnover for FY12 was HK\$1,336.4 million as compared to HK\$1,440.8 million in FY11. HK\$790.2 million out of total revenue was contributed by the media products business, HK\$436.7 million was contributed by solar business and the remaining HK\$109.5 million represented the revenue from the sales of equipment. The Group's gross profit increased to HK\$247.0 million in FY12 from HK\$161.1 million in FY11. The improvement in Group's gross profit margin was mainly due to the increase in gross profit margin of media products business arising from the reduction in production cost.

Other income and other gains for FY12 were HK\$204.2 million and HK\$209.9 million compared to HK\$159.6 million and HK\$188.7 million recorded in FY11. These were mainly due to the recognition of government grants in relation to several high-technology development projects in China during the year and HK\$209.9 million from gain on disposal of machinery of media business and solar business. The other gains for FY11 also included the gain on remeasurement of previously held interest upon step acquisition of a subsidiary of HK\$183.9 million.

Distribution expenses for FY12 were HK\$85.5 million, 23% higher than the HK\$69.6 million recorded in FY11. The increase in distribution expenses was mainly due to (1) the increased shipments to overseas customers for the solar business during the year and (2) increased sales commission and marketing fee paid compared to last year for the exploration of new geographic markets for our solar business through sales agents. Others were overseas travelling, selling and promotional expenses incurred for attending different trade shows and exhibitions during the year.

Administrative expenses for FY12 were HK\$439.7 million, 47% lower than HK\$837.0 million recorded in FY11. The decrease in FY12 was mainly due to decrease in impairment of property, plant and equipment in relation to OLED project amounting to HK\$80.7 million. This compared to an impairment of goodwill, intangible assets and plant, property and equipment in relation to media products business of HK\$512.0 million recorded in FY11.

Other operating charge for FY12 was HK\$123.6 million, compared to other operating charges of HK\$107.1 million recorded in FY11. Amortisation expense in respect of capitalised development cost, customer relationship and trademark were HK\$23.1 million in FY12 compared to HK\$24.2 million in FY11. R&D expenses were HK\$90.3 million in FY12 compared to HK\$59.3 million in FY11. The increased R&D expenses represented the Group's efforts in expanding its products portfolio including the costs for developing OLED equipment and the cost for developing more advanced and high efficiency thin film solar cell equipment. Net foreign exchange gain for FY12 was HK\$2.0 million, compared to net foreign exchange loss of HK\$14.7 million recorded in FY11.

Finance expenses in FY12 were HK\$220.8 million as compared to HK\$109.6 million in FY11. The increase was due to the increase in bank borrowings for operating activities and interest on other financial liabilities for development of new solar production facilities in Dongguan.

The income tax expense of HK\$53.3 million mainly represented (1) tax provision of HK\$30.9 million accrued for current year's profit and (2) net reversal of deferred tax asset of HK\$22.4 million mainly arising from transfers of equipment within the Group.

Statements of Financial Position

As at 31 December 2012, the Group's cash and cash equivalents was HK\$1,744.0 million compared to HK\$1,842.9 million as at 31 December 2011.

Trade and other receivables was HK\$392.9 million including non-current trade receivables of HK\$36.0 million as at 31 December 2012 as compared to HK\$402.8 million as at 31 December 2011.

Other current assets were HK\$387.7 million as at 31 December 2012 as compared to HK\$970.6 million as at 31 December 2011. The decrease in other current assets was due to HK\$372.0 million received from the Municipal Government of Dongguan during the year for long-term funding of the Group's second solar panel plant in Dongguan. The amount of other current assets as at 31 December 2012 mainly represented the value added tax receivables from the PRC Government and deposits and prepayments placed with suppliers and service vendors amounting to HK\$59.1 million and HK\$142.0 million respectively.

The Group's inventory balances had increased from HK\$586.0 million as at 31 December 2011 to HK\$811.4 million as at 31 December 2012. These inventories included finished goods for solar business which were prepared and held for orders to be shipped in coming quarters, and raw materials prepared for media products manufacturing and solar equipment manufacturing.

Property, plant and equipment and leasehold land was HK\$1,657.4 million as at 31 December 2012 compared to HK\$1,294.3 million as at 31 December 2011. These additions were due to the start of the second production line for the solar plant in Henan installed during the year.

Deferred income decreased from HK\$124.2 million as at 31 December 2011 to HK\$32.6 million as at 31 December 2012 which mainly represented recognition of the government grants for OLED project, Blu-ray disc projects and solar projects in the People's Republic of China.

Other financial liabilities amounting to HK\$1,633.9 million as at 31 December 2012 represented the long-term funding in respect of RMB1,200.0 million from Municipal Government in Dongguan for the development of the solar panel plant in Dongguan in 2011.

Borrowings increased to HK\$2,505.0 million as at 31 December 2012 from HK\$2,218.6 million as at 31 December 2011. This represented bank borrowings for working capital required for the ordinary course of business.

Provision for warranty of HK\$3.2 million as at 31 December 2012 represented the warranty for the thin film panels of solar business.

Trade payable and other payables decreased from HK\$975.0 million as at 31 December 2011 to HK\$823.3 million including non-current trade and other payables of HK\$85.6 million as at 31 December 2012.

Colour your life
for a
Sustainable future



Research & Development

We achieved lower production costs in 2012 mainly due to our continuous R&D efforts in different process technologies across 24 projects. Our strength in R&D was also affirmed by the PRC Government with the completion of over 30 government-funded R&D projects last year, highlighting our strong abilities in product innovation and project management.

Last year, a total of HK\$164 million¹ was granted by the PRC government in recognition of Anwell's R&D achievements in the manufacturing technologies for the OLED, solar and optical disc products.

In order to further our competitive edge in the midst of industry consolidation, we strive to strengthen our R&D efforts through investing in different production technologies to improve the manufacturing processes for our solar and media products.

With a higher thin film deposition rate and a higher throughput, we are able to increase the annual production capacity of our Sunlite turnkey solution for thin film solar panels from 120 megawatts to 225 megawatts, supporting up to a production capacity of 500 megawatts that helps with our latest technology capability to produce tandem junction and advanced multi-junction thin film solar panels. This

is a breakthrough for us as the higher capacity and capability achieved, enabled us to cater to different customer requirements with a broader range of products.

Our contribution towards the development of the OLED and solar industries through our R&D efforts is very much supported by various academic and scientific research institutions. This is particularly so for projects related to key process solutions such as 4.5 AMOLED display production equipment and core manufacturing technologies for thin film solar panels.

To safeguard our R&D achievements, we have been obtaining intellectual property rights to protect our unique R&D edge. In 2012, we have secured 118 new patents and 3 software copyrights. We also have patent registrations pending for 36 new applications to protect our new production technologies. As of today, Anwell has over 500 patents obtained and patent applications in process worldwide.

Anwell will continue to focus on R&D to breakthrough technological bottlenecks, so as to create innovative products and valuable solutions to our customers.

¹ The government grant of HK\$164 million was accounted for under Other Income in Anwell's FY2012 income statement.



Colour your life
through supporting
the communities



Corporate Social Responsibility

We believe we have a role to play in giving back what we have gained from society. Besides developing innovative ways to grow our businesses, Anwell is committed to meet the social needs of the local communities in the cities in which the Group operates in. Our Corporate Social Responsibility program, currently focused in China, supports and promotes community care relating to orphans, the elderly, education for the needy and healthcare for underprivileged patients. It also involves efforts towards protecting the environment.

Community Engagement

Education plays a key role in determining an individual's success and the country's future. To help the less privileged children in their education, we established a student financial aid fund for the underprivileged students and donated school supplies to educational institutions in Dongguan. Furthering our commitment to Hope School in Anyang City which we have helped built in 2008, the construction of the third Hope School with the Group's donation amounting to RMB500,000 in Anyang is in its final stage of completion. The new Hope School is a 2-storey building that can accommodate up to 450 students. The Hope School will be officially opened at the end of 2013 and will provide the local needy children with a conducive environment for education. To promote the sense of social responsibility and to enhance employee engagement at all organisational levels within the Group, we also successfully organised a blood donation drive as well as a staff donation drive for the Charity Federation of the High-Tech Industrial Development Zone in Henan.

Another initiative was making a staff visit to the Social Welfare Centre in Anyang City where we contributed RMB15,600 worth of daily necessities to help the needy with a small part of their many daily challenges.



Environment Protection

In line with our aim to be a green energy business, we have integrated energy-saving and emission reduction features into our daily operations. In addition to the thin film solar panels installed at our Dongguan plant, solar panels are also installed at the rooftop of our plant in Henan of PRC. The use of solar panels to generate electricity not only reduces electricity costs but at the same time reduces carbon footprint contributions to the environment. This is achieved by lower emission of carbon dioxide (CO₂) and other greenhouse gases as compared to conventional methods of generating electricity by way of fossils fuels.

Workforce Skills Enhancement, Health and Safety

Beyond our civic responsibilities, we also place emphasis on the welfare of our employees with programs for them to upgrade their skills, improve their health and maintain a work-life balance.

While technical knowledge retained by the senior employees are passed on to our new employees through on-the-job training, existing employees are also provided with ongoing structured training to ensure that they stay relevant and competent. To promote a positive health and safety culture, we communicate to our employees regarding workplace wellness issues via regular employee newsletters and also engage our employees in sports and outdoor activities.

Anwell will continue to strive towards creating a positive impact on the environment, the local communities and its people by exercising environmental and social stewardship through the different initiatives described above.



Corporate Governance Report

Introduction

Anwell Technologies Limited is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). The Board recognises the importance of practicing good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Company has taken necessary steps, as far as practicable, to comply with the recommendations in the Code of Corporate Governance 2005.

Board of Directors (the “**Board**”)

The Board currently comprises of 7 members, 4 of whom are independent directors. The independent directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors’ independent business judgement in the best interests of the Company. The Nominating Committee has reviewed and determined that the independent directors are independent.

As at the date of this report, the Board consists of the following members:–

Fan Kai Leung	(Executive Chairman and Chief Executive Officer)
Wu Wai Kin	(Executive Director)
Liu Huisen	(Executive Director)
Chan Kun Shuin	(Independent Director)
Professor Tan Cheng Han	(Independent Director)
Associate Professor Bao Naikeng	(Independent Director)
Ng Ann Ling	(Independent Director)

The principal functions of the Board are as follows:–

- a) approving policies, strategies and financial objectives of the Company and monitoring the performance of management of the Company;
- b) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- c) approving nominations of directors, committee members and key personnels; and
- d) approving annual budgets, funding requirements, expansion programmes, capital investments, major acquisitions and divestments proposals.

To effectively discharge its duties, the Board will meet a minimum of 4 times annually. However, ad hoc meetings will be convened when circumstances so require. The Company Secretary attends all meetings and is responsible for ensuring that the Board’s procedures are observed.

As at the date of this report, the Board has convened 4 meetings since the date of the last report.

The details of the directors' attendance at the Board meetings and Board committee meetings held since the date of the last report up to the date of this report are summarised as follows:–

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Fan Kai Leung	4	4	–	–	1	1	–	–
Wu Wai Kin	4	4	–	–	–	–	–	–
Liu Huisen	4	3	–	–	–	–	–	–
Chan Kun Shuin	4	4	4	4	1	1	1	1
Professor Tan Cheng Han	4	3	4	3	–	–	1	1
Associate Professor Bao Naikeng	4	4	4	4	–	–	1	1
Ng Ann Ling	4	4	4	4	1	1	–	–

In order to support the Board in discharging its duties more effectively, the Board has separate and independent access to the Chief Executive Officer (“**CEO**”), Senior Management team and the Company Secretary at all times.

Prior to each Board meeting, all directors are provided with relevant management information for the Board to discharge their duties effectively in an informed manner. The Board also receives regular updates by way of detailed reports relating to the operational and financial performance of the Group.

All the newly appointed directors will be briefed by management so that they are familiar with the Company's business and strategic directions. At the same time they will be given a tour to the key facilities of the Company.

The directors are, from time to time, updated at Board meetings with relevant new laws, regulations and changing commercial risks in the Group's operating environment.

The Board is supported in its duties by three Board committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee.

Audit Committee (“**AC**”)

The AC comprises 4 non-executive directors, all of whom (including the Chairman) are independent. As at the date of this report, the members of the AC are as follows:–

Chan Kun Shuin	(Independent Director, Chairman)
Professor Tan Cheng Han	(Independent Director)
Associate Professor Bao Naikeng	(Independent Director)
Ng Ann Ling	(Independent Director)

The members of the AC who collectively, possess the relevant financial management, legal, accounting, and business expertise and experience, are appropriately qualified to discharge their responsibilities.

The committee has met 4 times since the date of the last report up to the date of this report with the management and the external auditors of the Company. The attendance of individual directors at these meetings is shown in the table above.

The AC meets with the external auditors, without the presence of the management, at least once a year to discuss the reasonableness of the financial reporting process, the significant comments and recommendations by the auditor.

The AC has performed the following:–

- a) discussed with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
- b) reviewed with the internal and external auditors, their evaluation of the system of internal controls, the management letter and the management's response therefrom;
- c) discussed the problems and concerns arising from the interim and final audits and matters that the external auditors wished to discuss with the AC in the absence of the management;
- d) reviewed the independence of the external auditors and nomination of their re-appointment as auditor of the Company;
- e) reviewed all non-audit services provided by the external auditors;
- f) reviewed the internal audit programme including the scope and results of the internal audit;
- g) reviewed the interested person transactions ("IPTs") (as defined in Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST)) on a quarterly basis to ensure that the such IPTs are carried out on arm's length basis; and
- h) reviewed the quarterly and full year financial results and recommended to the Board for release to the SGX-ST via SGXNET.

The committee has full access to and co-operation of the management of the Company. The committee also has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

During the year, the aggregate amount of audit fees paid and payable by the Group to the external auditors was HK\$4,262,258, of which audit fees amounted to HK\$3,700,000 and non-audit fees amounted to HK\$562,258. The AC has reviewed all non-audit reviews provided by the external auditors and is satisfied that their independence has not been impaired.

The AC recommends to the Board that the nomination of PricewaterhouseCoopers LLP as external auditors of the forthcoming Annual General Meeting ("**AGM**").

The Company has put in place a Whistle-Blowing Policy, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the AC's Chairman. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. The details of the Whistle-Blowing Policy and arrangements have been made available to all the employees of the Group as part of the Group's efforts to promote awareness of fraud control.

Minutes of the committee's meetings are circulated to the directors of the Company by the Company Secretary.

Nominating Committee (“NC”)

The NC comprises of 3 members, 2 of whom are independent directors (including the Chairman of the NC). The members of the NC as at the date of this report are as follows:–

Ng Ann Ling	(Independent Director, Chairman)
Chan Kun Shuin	(Independent Director)
Fan Kai Leung	(Executive Director)

The NC has met once since the date of the last report up to the date of this report. The attendance of individual directors at the meeting is shown in the table above.

The NC has performed the following duties:

- a) reviewed and recommended to the Board, the re-election of the directors, Professor Tan Cheng Han and Mr Wu Wai Kin retiring in accordance with the Company’s Articles of Association at the forthcoming AGM;
- b) reviewed and ascertained the independence of each directors annually;
- c) formally assessed the effectiveness of the Board as a whole and the contribution by each director to the Board. In assessing the contribution by individual directors to the Board, the committee had adopted a set of objective criteria such as the attendance record of the director at Board meetings; and
- d) reviewed and recommended to the Board, the re-election of the director, Associate Professor Bao Naikeng retiring pursuant to Section 153 of the Companies Act, Cap. 50.

The NC confirms that all the independent directors on the Board are independent.

Remuneration Committee (“RC”)

The RC comprises of 3 members, all of whom are independent directors. The members of the RC as at the date of this report are as follows:–

Professor Tan Cheng Han	(Independent Director, Chairman)
Chan Kun Shuin	(Independent Director)
Associate Professor Bao Naikeng	(Independent Director)

The RC has met once since the date of the last report up to the date of this report. The attendance of individual directors at the meeting is shown in the table above.

The RC has performed the following duties:–

- a) reviewed and recommended to the Board the remuneration package of the executive directors;
- b) structured a proportion of executive directors’ remuneration so as to link rewards to group and individual performance; and
- c) reviewed and recommended to the Board the payment of fees to non-executive directors and to ensure, as far as possible, that the quantum is commensurate with the non-executive directors’ contribution to the Board and the Company.

The remuneration in respect of each of the directors and executive officers is set out as follows:–

Remuneration Band and name of Directors/Key Executive	Salary	Bonus	Directors' Fees
S\$500,000 and above			
Director			
Fan Kai Leung	100%	–	–
S\$250,000 to below S\$500,000			
Directors			
Wu Wai Kin	100%	–	–
Liu Huisen	100%	–	–
Key Executive			
Yeung Ming Sang	100%	–	–
Below S\$250,000			
Directors			
Chan Kun Shuin*	100%	–	–
Professor Tan Cheng Han*	100%	–	–
Associate Professor Bao Naikeng*	100%	–	–
Ng Ann Ling*	100%	–	–
Key Executive			
Kwong Chi Kit Victor	87%	13%	–

* The directors' fees payable to the non-executive directors are subject to approval by the shareholders at the forthcoming AGM.

Chairman and CEO

The Chairman and CEO of the Company is Mr Fan Kai Leung. The Board, after careful consideration, is of the opinion that the need to have separate roles for the Chairman and CEO is not practical for the Company as there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on corporate affairs of the Group by members of the Board, taking into account factors such as the number of independent directors on the Board as well as the size and scope of the affairs and operations of the Group.

The Chairman's duties and responsibilities pertaining to the Board's proceedings include:–

- scheduling of meetings to enable the Board to perform its duties responsibly;
- preparing the agenda of meetings;
- ensuring the proper conduct of meetings and accurate documentation of the proceedings;
- ensuring the smooth and timely flow of information between the Board and management; and
- ensuring compliance with internal policies and guidelines of the Company.

In addition to the above duties, the Chairman will assume other duties and responsibilities as may be required from time to time to ensure the effectiveness of the Board and to promote good corporate governance.

Internal Controls/Internal Audit

The Board acknowledges that it is responsible for ensuring that management maintains a sound system of internal controls to safeguard Shareholders' investments and the Group's assets.

The internal audit function is outsourced to international public accounting firm, namely Messrs KPMG Advisory (China). The internal auditor will report to the Chairman of AC on any material weaknesses and risks identified in the course of the audit, which will also be communicated to the management. The management will accordingly update the AC on the status of the remedial action plans.

The AC reviews the adequacy of the internal audit function on an annual basis.

Based on the work performed by the internal auditor during the financial year and the statutory audit by the external auditors, the Board, with the concurrence of the AC and assurance from the management, is of the opinion that the Company has in place adequate internal controls addressing in all material respects the financial, operational and compliance risks within the current scope of the Group's business operations. The system of internal controls in place throughout the financial year for the Group provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

Communications with Shareholders

The Company strives to convey to Shareholders pertinent price-sensitive information in a clear, detailed and timely manner and on a regular basis. The Company publishes its quarterly results and full-year results through the SGXNET, news releases and the Company's website. The Company will also strive to respond to enquiries from investors, analysts, fund managers and the press.

The Board welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on ad hoc basis. Shareholders are informed of Shareholders' meetings through notices published in the Annual Report sent to all Shareholders and the SGXNET.

The Articles of the Company provide for a Shareholder to appoint one or two proxies to attend and vote in his stead. There is currently no provision in the Company's Articles to allow for other absentia voting methods such as by mail, email, fax until security, integrity, legitimacy and other issues are satisfactorily resolved.

The Chairman of the AC, NC, RC and members of the respective committees, as well as the external auditors, plan to be in attendance at the Company's General Meeting to address questions from Shareholders.

Dealings in Securities

The Company has adopted its own internal Code of Best Practices on dealings in securities of the Company.

Under the Code of Best Practices, the directors, management and the officers of the Company are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Company's full year results or two weeks before the announcement of the results for each of the first three quarters and ending on the date of the announcements of such results, or when they are in possession of unpublished price-sensitive information on the Company.

In addition, the Company reminds its officers to observe the laws on insider trading at all times, even during the window periods for them to deal in its securities and discourages trading in the Company's shares on short-term considerations.

Risk Management

The Board oversees the Group's risk management policies in areas of significant risk to the Group's operations and put in place the risk management practices to address these risks.

i. Operational risks

The Group's operating risks are managed at each operating unit and monitored at the Group level. The Group analyses the costs and benefits of managing operational risks and endeavours to eliminate or contain them as best as possible and to such extent practicably possible. The Internal Auditor will complement the role of the management by providing an independent perspective on the controls that help to mitigate any operational risks.

ii. Compliance and legal risks

The various operating business units are responsible to ensure compliance with the relevant laws and regulations and advice from external legal advisors are obtained where and when necessary.

iii. Financial risks

Details of the various financial risk factors and the management of such risks are outlined in Note 32 of the Financial Statements.

Development Subsequent to the Announcement of Results

There is no significant development subsequent to the release of the Group's and the Company's financial statements as announced on 26 February 2013, which could materially affect the Group's and the Company's operating and financial performance as of the date of this report.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority shareholders.

For the financial year under review, there was no material contract made with the Company and its subsidiaries which involved the interests of the CEO, the directors or controlling shareholders.

Statement by AC and the Board

The AC and the Board of the Company have satisfied themselves that the appointment of different auditors for its overseas subsidiaries as disclosed in Note 16, would not compromise the standard and effectiveness of the audit of the Group.

In appointing the audit firms for the Group, the AC is satisfied that the Group has complied with the Listing Rules 712, 715 and 716.

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Directors' Report

For the financial year ended 31 December 2012

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

Directors

The directors of the Company in office at the date of this report are as follows:

Fan Kai Leung
Wu Wai Kin
Liu Huisen
Professor Tan Cheng Han
Chan Kun Shuin
Associate Professor Bao Naikeng
Ng Ann Ling

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2012	At 1.1.2012	At 31.12.2012	At 1.1.2012
Company (No. of ordinary shares)				
Fan Kai Leung	144,000	144,000	163,517,266	163,517,266
Professor Tan Cheng Han	10,000	10,000	–	–
Associate Professor Bao Naikeng	60,000	60,000	–	–

- (b) Fan Kai Leung, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiaries.
- (c) The directors' interests in the ordinary shares and debentures of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

Directors' Report

For the financial year ended 31 December 2012

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any of its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Chan Kun Shuin (*Chairman*)
Professor Tan Cheng Han
Associate Professor Bao Naikeng
Ng Ann Ling

All members of the Audit Committee were non-executive independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Report

For the financial year ended 31 December 2012

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

FAN KAI LEUNG

Director

WU WAI KIN

Director

20 March 2013

Statement by Directors

For the financial year ended 31 December 2012

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 36 to 114 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

FAN KAI LEUNG

Director

WU WAI KIN

Director

20 March 2013

Independent Auditor's Report to the Members of Anwell Technologies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Anwell Technologies Limited (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 114, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 20 March 2013

Consolidated Income Statement

For the financial year ended 31 December 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Sales	4	1,336,440	1,440,815
Cost of sales	5	(1,089,420)	(1,279,674)
Gross profit		247,020	161,141
Other income	4	204,180	159,639
Other gains – net	7	209,893	188,664
Expenses			
– Distribution and marketing	5	(85,493)	(69,627)
– Administrative	5	(439,718)	(837,012)
– Others	5	(123,557)	(107,102)
– Finance	8	(220,837)	(109,587)
Loss before income tax		(208,512)	(613,884)
Income tax (expense)/credit	9(a)	(53,285)	41,894
Total loss for the year		(261,797)	(571,990)
Attributable to:			
Equity holders of the Company		(266,168)	(523,786)
Non-controlling interests		4,371	(48,204)
		(261,797)	(571,990)
Loss per share attributable to equity holders of the Company			
– Basic (HK cents)	10	(85.49)	(168.19)
– Diluted (HK cents)	10	(85.49)	(168.19)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

	2012 HK\$'000	2011 HK\$'000
Loss for the year	(261,797)	(571,990)
Currency translation differences	(15,271)	35,682
Total comprehensive loss for the year	(277,068)	(536,308)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(279,975)	(494,962)
Non-controlling interests	2,907	(41,346)
	(277,068)	(536,308)

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2012

	Notes	Group		Company	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
ASSETS					
Current assets					
Cash and bank balances	11	1,743,954	1,842,877	5,105	895
Trade and other receivables	12	356,865	402,839	331,925	213,755
Income tax recoverable	9(b)	25,818	32,251	–	–
Inventories	15	811,438	585,982	–	–
Other current assets	13	387,741	970,609	1,160	1,080
		3,325,816	3,834,558	338,190	215,730
Non-current assets					
Trade and other receivables	12	36,003	–	–	–
Other non-current assets	13	12,065	10,484	–	–
Investments in subsidiaries	16	–	–	613,470	734,615
Intangible assets	18	164,976	152,898	–	–
Deferred income tax assets	24	208,759	214,757	–	–
Property, plant and equipment	19	1,657,406	1,294,264	–	–
		2,079,209	1,672,403	613,470	734,615
Total assets		5,405,025	5,506,961	951,660	950,345
LIABILITIES					
Current liabilities					
Trade and other payables	20	737,716	974,967	17,742	25,804
Deferred income	26	14,646	59,575	–	–
Borrowings	21	2,503,854	2,121,329	417,825	208,000
Provision for warranty	27	3,168	–	–	–
Current income tax liabilities	9(b)	43,523	64,139	–	–
		3,302,907	3,220,010	435,567	233,804
Non-current liabilities					
Deferred income tax liabilities	24	43,329	11,686	–	–
Borrowings	21	1,099	97,225	–	–
Trade and other payables	20	85,596	–	–	–
Other financial liabilities	23	1,633,887	1,516,077	–	–
Deferred income	26	17,933	64,621	–	–
		1,781,844	1,689,609	–	–
Total liabilities		5,084,751	4,909,619	435,567	233,804
NET ASSETS		320,274	597,342	516,093	716,541

Balance Sheets

As at 31 December 2012

	Notes	Group		Company	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	1,248,837	1,248,837	1,248,837	1,248,837
Treasury shares	28	(498)	(498)	(498)	(498)
Currency translation reserve		96,600	110,407	–	–
Other reserve	29	3,914	3,914	3,914	3,914
Accumulated losses		(1,120,712)	(854,544)	(736,160)	(535,712)
		228,141	508,116	516,093	716,541
Non-controlling interests		92,133	89,226	–	–
TOTAL EQUITY		320,274	597,342	516,093	716,541

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2012

	Share capital HK\$'000	Treasury shares HK\$'000	Currency translation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
2012								
Beginning of financial year	1,248,837	(498)	110,407	3,914	(854,544)	508,116	89,226	597,342
Comprehensive (loss)/income								
Net (loss)/income	-	-	-	-	(266,168)	(266,168)	4,371	(261,797)
Other comprehensive loss								
Currency translation differences	-	-	(13,807)	-	-	(13,807)	(1,464)	(15,271)
Total comprehensive (loss)/income	-	-	(13,807)	-	(266,168)	(279,975)	2,907	(277,068)
End of financial year	1,248,837	(498)	96,600	3,914	(1,120,712)	228,141	92,133	320,274
2011								
Beginning of financial year	1,248,837	-	81,583	3,914	(330,758)	1,003,576	130,572	1,134,148
Comprehensive loss								
Net loss	-	-	-	-	(523,786)	(523,786)	(48,204)	(571,990)
Other comprehensive income								
Currency translation differences	-	-	28,824	-	-	28,824	6,858	35,682
Total comprehensive (loss)/income	-	-	28,824	-	(523,786)	(494,962)	(41,346)	(536,308)
Transactions with owners								
Acquisition of treasury shares	-	(498)	-	-	-	(498)	-	(498)
Total transactions with owners	-	(498)	-	-	-	(498)	-	(498)
End of financial year	1,248,837	(498)	110,407	3,914	(854,544)	508,116	89,226	597,342

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2012

Notes	2012 HK\$'000	2011 HK\$'000
Cash flows from operating activities		
Total loss for the year	(261,797)	(571,990)
Adjustments for:		
– Income tax expense/(credit)	53,285	(41,894)
– Depreciation	204,103	227,836
– Depreciation capitalised in intangible assets	(28,788)	(4,487)
– (Reversal)/allowance for impairment of trade and other receivables, and amount due from related party	(3,779)	9,012
– (Write-back)/write-down of inventories	(1,698)	593
– Write-off of other payables	–	(26)
– Gain on disposals of property, plant and equipment	(209,893)	(5,082)
– Amortisation of intangible assets	23,083	24,204
– Fair value gain on derivative components of redeemable notes	–	(6)
– Recognition of deferred income	(103,424)	(144,075)
– Bad debt written off	20	84
– Fair value loss on staff loans	135	50
– Fair value loss/(gain) on forward contracts not qualifying as hedges	429	(429)
– Financial assets at fair value – fair value gain	(831)	–
– Discounting of non-current loans and receivables	8,174	–
– Discounting of non-current payables	(2,980)	–
– Interest income	(26,766)	(2,923)
– Interest expense	220,837	109,587
– Impairment of goodwill	–	100,773
– Impairment of capitalised development costs	–	15,197
– Impairment of property, plant and equipment	80,738	396,033
– Loss on dissolution of a subsidiary	–	288
– Provision for warranty	3,168	–
– Gain on remeasurement of previously held interest upon step acquisition of a subsidiary	–	(183,864)
Operating cash outflow before working capital changes	(45,984)	(71,119)
Change in working capital		
– Trade and other receivables	5,576	(101,841)
– Inventories	(312,778)	(191,101)
– Other current assets	193,365	(468,095)
– Trade and other payables	(148,265)	261,433
– Deferred income	11,913	83,229
Cash used in operations	(296,173)	(487,494)
Income tax paid	(29,962)	(60,186)
Net cash used in operating activities	(326,135)	(547,680)

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Cash flows from investing activities			
Cash and cash equivalents in subsidiary acquired	16	–	10,764
Consideration paid for step acquisition of a subsidiary	16	–	(30,749)
Purchases and construction of property, plant and equipment		(602,879)	(247,952)
Proceeds from disposal of property, plant and equipment		288,994	77,509
Additions of intangible assets		(6,090)	(15,906)
Interest received		26,766	2,923
Net cash used in investing activities		(293,209)	(203,411)
Cash flows from financing activities			
Fixed deposit pledged	11	(337,423)	(775,157)
Proceeds from other financial liabilities		372,025	1,228,397
Proceeds from borrowings		3,459,890	3,428,892
Repayments of borrowings		(3,177,630)	(2,180,793)
Repayments of redeemable notes	22	–	(71,610)
Interest paid		(132,846)	(83,912)
Net cash provided by financing activities		184,016	1,545,817
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the financial year	11	944,024	125,757
Effects of currency translation		(1,018)	23,541
Cash and cash equivalents at end of the financial year	11	507,678	944,024

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

Anwell Technologies Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 8 Wilkie Road #03-01, Wilkie Edge, Singapore 228095.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 16. The Company and its subsidiaries are collectively referred to as the "Group".

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2012

On 1 January 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is presented net of value-added tax, discounts and rebates, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sales of goods is recognised when a Group entity has delivered the goods to locations specified by its customers, the customers have accepted the goods in accordance with the sales contract and the collectability of the related receivable is reasonably assured.

(b) Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

2. Significant Accounting Policies (continued)

2.2 Revenue recognition (continued)

(c) Government grants

Grants from the government are recognised as a receivable based on their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attaching conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Where a government grant becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, it is recognised as income in the period in which it becomes receivable.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful lives of the related assets.

Government grants are recognised within "Other income" in the consolidated income statement.

(d) System revenue

System revenue in relation to the solar power system solution project is recognised when the solar panels are installed and the legal title of the solar power system is transferred.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Significant Accounting Policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) **Acquisition of businesses**

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) **Disposals of subsidiaries or businesses**

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the income statement.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant Accounting Policies (continued)

2.3 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Joint Ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2. Significant Accounting Policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost and subsequently carried at cost less accumulated depreciation/amortisation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Construction in progress

Construction in progress represents buildings, fixtures and machineries on which construction work has not been completed. It is stated at cost, which includes construction cost and other direct costs less impairment losses. No depreciation is provided for construction in progress until they are completed and are ready for intended use. On completion, construction in progress is transferred to appropriate categories of property, plant and equipment at cost less accumulated impairment losses.

(iv) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.10 on borrowing costs).

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Useful lives

Operating leasehold land	over the lease term
Leasehold improvements	5–10 years or unexpired lease term, whichever is shorter
Office equipment	5 years
Motor vehicles	5 years
Machinery	5–10 years
Buildings	20 years

No depreciation is provided on assets under construction. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the consolidated income statement when the changes arise.

2. Significant Accounting Policies (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the consolidated income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the consolidated income statement within 'Other gains – net'.

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) Development costs

Development costs are internally generated capitalised development expenditure for the development of new technology and know-how for production. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success, it is demonstrated that it is commercially and technologically feasible, and for which the Group has sufficient technical, financial and other resources to complete the development and to use or market the product to the extent that such costs are recoverable and can be measured reliably. Intangible assets are stated at cost incurred less accumulated amortisation and impairment losses.

Development costs are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding three years.

2. Significant Accounting Policies (continued)

2.5 Intangible assets (continued)

(c) Customer relationship

Acquired customer relationship is shown at historical cost. Customer relationship has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationship over their estimated useful lives (two to three years).

(d) Acquired trademarks, licences and patents

Trademarks, licences and patents acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over the period of its expected useful lives and periods of contractual rights, whichever is shorter and not exceeding three years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

2.6 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet.

On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.7 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. Significant Accounting Policies (continued)

2.7 Impairment of non-financial assets (continued)

(b) Intangible assets, Property, plant and equipment and Investments in subsidiaries and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the consolidated balance sheet.

(b) Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment allowance is recognised in "administrative expenses" in the income statement. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income statement.

The impairment allowance is reduced through "administrative expenses" in the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank, in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2. Significant Accounting Policies (continued)

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are presented as non-current borrowings in the balance sheet.

Borrowing costs are recognised in the income statement using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(b) Notes payable

Notes payable, which is mandatorily redeemable by the Company on specific dates and not convertible by the holder of the notes, is initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method until the liability is extinguished on redemption or upon maturity.

Notes payable which is due to be settled within 12 months after the balance sheet date is presented as current notes payable. Notes payable which is due to be settled more than 12 months after the balance sheet date is presented as non-current in the balance sheet.

(c) Other financial liabilities

Other financial liabilities, which are contracts that contain an obligation for an entity to purchase its own equity instruments for cash or other financial asset, are initially recognised at the present value of the redemption amount. Subsequently, the financial liabilities are measured in accordance with the accounting policy as set out in Note 2.10(a) above.

2. Significant Accounting Policies (continued)

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting

Forward foreign exchange contracts are used to hedge the Group's exposure to foreign currency risks. These contracts do not qualify for hedge accounting and consequently, the fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the income statement when the changes arise.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

2.14 Leases

(a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2. Significant Accounting Policies (continued)

2.14 Leases (continued)

(b) Lessee – Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

2.16 Research costs

Research costs are recognised as an expense when incurred.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Significant Accounting Policies (continued)

2.17 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Provisions

Provision for warranty is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

2. Significant Accounting Policies (continued)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group operates a defined contribution plan, namely the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for the employees in its subsidiaries incorporated in Hong Kong, who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Group's contributions to the MPF Scheme are recognised as employee compensation expense when they are due.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant Accounting Policies (continued)

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in Hong Kong Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2. Significant Accounting Policies (continued)

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors who are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts but exclude restricted cash. Bank overdrafts are presented as current borrowings on the balance sheet.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

3. Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions 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.

(a) Estimated impairment of non-financial assets

The Group reviews for impairment of the intangible assets and property, plant and equipment in accordance with the accounting policy stated in Note 2.7. The recoverable amount of the intangible assets and property, plant and equipment has been determined based on the higher of fair value less costs to sell and value-in-use.

For intangible assets, these calculations require the use of estimates based on the Group's best estimate of the expected margin generated from the products manufactured using the new technology and know-how throughout their respective product life cycles. For property, plant and equipment, these calculations require the use of estimates based on the Group's best estimate of the expected cash inflow generated from the use of property, plant and equipment throughout their useful lives.

Adjustments will be made if the actual performance differs from the original estimates.

Intangible assets, and property, plant and equipment attributable to the media products manufacturing and related business segment and the solar products manufacturing and related business segment with a total carrying value of HK\$1,441,754,000 (2011: HK\$1,567,000,000), before provision of impairment, were subjected to an impairment test in the financial year ended 31 December 2012.

Key assumptions used in the impairment assessment of goodwill, property, plant and equipment and capitalised development cost are set out in Note 18.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amount is the higher of fair value less costs to sell calculation and value-in-use.

The recoverable amount of the cash-generating unit ("CGU") of solar products manufacturing and related business segment is determined based on value-in-use calculation, which is the present value of the future cash flow expected to be derived from an asset or CGU. These calculations require the use of estimates (Note 18).

No impairment charge on goodwill arose in the CGU of solar products manufacturing and related business segment during the financial year. In 2011, an impairment charge on goodwill of HK\$100,773,000 arose in the CGU of media products manufacturing and related business segment.

For sensitivity analysis of the CGU of solar products manufacturing and related business segment, had the estimated gross margin been 1% lower than management's estimates at 31 December 2012, the recoverable amount of this CGU determined based on value-in-use calculation would still exceed the carrying value of non-current assets as at 31 December 2012.

3. Critical Accounting Estimates, Assumptions and Judgements (continued)

(a) Estimated impairment of non-financial assets (continued)

Property, plant and equipment

No impairment charge of property, plant and equipment and capitalised development cost arose in the CGU of media products manufacturing and related business segment during the financial year (2011: HK\$396,033,000 and HK\$15,197,000). An impairment charge of property, plant and equipment of HK\$80,738,000 (2011: HK\$Nil), arose in the CGU of equipment manufacturing and related business segment during the financial year.

(b) Uncertain tax positions

The Group is subject to income taxes in various jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, the deductibility of certain expenses and the offshore claim of certain revenues at each tax jurisdiction.

The offshore income claim made by a subsidiary of the Group has been queried by the local tax authority. If the relevant income had been considered and determined as onshore and hence subject to local profits tax, the Group would incur further profits tax liability. As of 31 December 2012, total tax certificates purchased in respect of these offshore claims amounted to HK\$25,483,000. Please refer to Note 31 for details.

(c) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at balance sheet date.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Write-down of inventories to net realisable value

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies inventories that are slow moving or obsolete, considers their physical conditions, market conditions and market price for similar items. Management considers that adequate provision for inventory obsolescence and write down has been made in 2012.

The allowance and carrying amount of inventories are disclosed in Note 15.

3. Critical Accounting Estimates, Assumptions and Judgements (continued)

(e) Recognition of government grants

According to the accounting policy as stated in Note 2.2, the Group recognises government grant income when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. This involves management estimates to determine the status of each government grant project, management's judgement on the level of reasonable assurance of the fulfilment of the conditions attached to the grants, and appropriate revenues to be recognised in a given period.

To determine whether reasonable assurance is obtained, the Group needs to determine the status of the projects, which is measured by reference to the work performed and compare with the conditions attached to the grants received up to the balance sheet date.

Any difference between this estimate and the actual outcome will impact the Group's result in the period in which the actual outcome is determined.

(f) Recognition of deferred tax assets

According to the accounting policy as stated in Note 2.17, a deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised, and it is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised.

In determining the deferred income tax asset to be recognised, management is required to estimate the future applicable tax rate for each subsidiary of the Company at each tax jurisdiction and the profitability of each subsidiary, so as to estimate the future utilisation of tax losses.

Any difference between these estimates and the actual outcome will impact the Group's result in the period in which the actual outcome is determined.

(g) Provision for warranty costs

The Group provides warranties for its photovoltaic modules for up to 25 years after sales have taken place. Due to limited warranty claim history, the Group estimates warranty costs based on the Group's historical cost data, industry data and an assessment of the Group's competitors history of warranty claims. The warranty obligation of the Group will be affected not only by the product failure rates but also by cost incurred to repair or replace failed products. If the actual product failure rates and cost of replacement or repairing of failed products differ from the estimates, the Group will need to prospectively revise the provision for warranty costs which would affect profit or loss in future years.

Notes to the Financial Statements

For the financial year ended 31 December 2012

4. Revenue

	Group	
	2012	2011
	HK\$'000	HK\$'000
Sale of goods	1,247,387	1,440,815
System revenue	89,053	–
	1,336,440	1,440,815
Other income:		
– bank interest income	26,766	2,923
– deemed interest income on staff loans (Note 14)	201	249
– sundry income	4,085	1,505
– sale of scrap materials	1,396	10,573
– government grants	163,879	144,075
– forfeiture of deposit	7,802	–
– rental income	51	288
– write-off of other payables (Note 20)	–	26
	204,180	159,639

5. Expenses by Nature

	Group	
	2012 HK\$'000	2011 HK\$'000
Cost of inventories sold (Note 15)	997,480	1,101,551
(Write-back of provision)/provision for inventory obsolescence and write-down of inventories (Note 15)	(1,698)	593
Depreciation of property, plant and equipment (Note 19a)	175,315	223,349
Fair value loss/(gain) on forward contracts not qualifying as hedges (Note 33)	429	(429)
Financial assets at fair value – fair value gain	(831)	–
Discounting of non-current loans and receivables	8,174	–
Discounting of non-current payables	(2,980)	–
Fair value loss on staff loans (Note 14)	135	50
Foreign exchange (gain)/loss – net	(2,005)	14,706
Research and development cost	90,258	59,264
Amortisation of capitalised development costs (Note 18(c))	–	14,631
Amortisation of patents (Note 18(e))	14,940	6,072
Amortisation of customer relationship (Note 18(b))	7,787	3,165
Amortisation of trademarks (Note 18(d))	356	336
(Reversal of allowance)/allowance for impairment of trade and other receivables and amount due from a related party	(3,779)	9,012
Direct write-off of impaired other receivables	20	84
Impairment of goodwill (Note 18(a))	–	100,773
Impairment of capitalised development costs (Note 18(c))	–	15,197
Impairment of property, plant and equipment (Note 19)	80,738	396,033
Provision for warranty (Note 27)	3,168	–
Employee compensation (Note 6)	187,261	168,800
Rental expense – operating leases	8,980	7,222
Transportation	54,278	60,066
Consumable tools	4,317	2,794
Other expenses	115,845	110,146
Total cost of sales, distribution and marketing, administrative and other operating expenses	1,738,188	2,293,415

6. Employee Compensation

	Group	
	2012 HK\$'000	2011 HK\$'000
Wages and salaries	170,923	155,744
Employer's contribution to defined contribution plans	16,338	13,056
	187,261	168,800

The employees of the subsidiaries of the Group established in the PRC participate in various retirement benefit plans organised by the relevant municipal government under which the Group is required to make monthly defined contributions to these plans. Employees in Hong Kong are required to join the Mandatory Provident Fund Scheme.

Included in total employee compensation was an amount of HK\$46,412,000 (2011: HK\$47,365,000) which has been included in "cost of inventories sold" and HK\$140,849,000 (2011: HK\$121,435,000) in "administration expenses" in the consolidated income statement.

Key management personnel compensation is disclosed under related party transactions in Note 34(b).

7. Other Gains – Net

	Group	
	2012 HK\$'000	2011 HK\$'000
Gain on disposal of property, plant and equipment	209,893	5,082
Gain on derivative (Note 22)	–	6
Loss on dissolution of a subsidiary	–	(288)
Gain on remeasurement of previously held interest upon step acquisition of a subsidiary (Note 16)	–	183,864
	209,893	188,664

8. Finance Expenses

	Group	
	2012 HK\$'000	2011 HK\$'000
Interest expense		
– trust receipts and import trade loans	23,151	11,426
– short-term bank borrowings and finance lease liabilities	111,800	67,055
– mortgage loan	116	139
– redeemable notes (Note 22)	–	5,422
– other financial liabilities	113,676	29,780
– fair value loss of forward contracts not qualifying as hedges (Note 33)	1,579	412
Finance expenses	250,322	114,234
Less: amounts capitalised on qualifying assets	(29,485)	(4,647)
Finance expenses recognised in the consolidated income statement	220,837	109,587

During the year, the Group has capitalised borrowing costs amounting to HK\$29,485,000 (2011: HK\$4,647,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 8.93% (2011: 7.75%)

9. Income Taxes

(a) Income tax expense/(credit)

	Group	
	2012 HK\$'000	2011 HK\$'000
Tax expense/(credit) attributable to loss is made up of:		
Current income tax		
– Hong Kong	–	–
– PRC	25,540	40,058
Withholding tax	–	41,785
Deferred income taxes (Note 24)	22,359	(125,283)
	47,899	(43,440)
Under provision in the preceding financial years:		
– current income tax (Note 9(b))	5,386	1,546
	53,285	(41,894)

The principal tax rate in Singapore is 17% (2011: 17%). The Group does not have any assessable income in Singapore.

PRC taxation has been provided on the profits of the Group's subsidiaries operating in the PRC and calculated at the applicable rates for both years ended 31 December 2012 and 2011.

No provision for Hong Kong profits tax (2011: Nil) has been made for the year as the Group has no assessable profit for the year.

9. Income Taxes (continued)

(a) Income tax expense/(credit) (continued)

Certain subsidiaries in the PRC enjoy tax concessions made available to High and New Technology Enterprises. Pursuant to the Income Tax Law of the PRC concerning High and New Technology Enterprises, the subsidiaries in the PRC are subject to tax rates and tax concessions as follows:

Name of subsidiaries	Applicable tax rate	Year of tax exemption/relief
Dongguan Anwell Digital Machinery Co., Ltd	15%	2003 to 2012
Jilin Qingda Digital Co. Ltd	15%	2005 to 2014
Henan Kerry Digital Co. Ltd	15%	2011 to 2012
Henan Sungen Solar Fab Co. Ltd	15%	2011 to 2012
Other PRC subsidiaries	25%	N/A

The tax expense on loss differs from the amount that would arise using the applicable rate of income tax due to the following:

	Group	
	2012 HK\$'000	2011 HK\$'000
Loss before income tax	(208,512)	(613,884)
Taxation at applicable tax rate	(29,609)	(100,818)
Effect of income not subject to tax	(805)	(30,272)
Utilisation of previously unrecognised tax losses	(1,096)	(398)
Tax losses not recognised	44,324	44,070
Effect of expenses not deductible for tax purposes	28,192	2,193
Withholding tax	6,893	41,785
	47,899	(43,440)

The applicable tax rate represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The weighted average applicable tax rate was 14% (2011: 16%). The decrease is mainly caused by the change in the results of the Group's subsidiaries under different applicable tax rates.

9. Income Taxes (continued)

(b) Movements in current income tax (recoverable)/liabilities

	Group	
	2012	2011
	HK\$'000	HK\$'000
Income tax recoverable:		
Beginning of financial year	(32,251)	(27,216)
Tax expense (Note 9(a))		
– current financial year	6,423	9,052
– over provision in preceding financial years	–	(701)
Income tax paid	–	(13,180)
Currency translation differences	10	(206)
End of financial year	(25,818)	(32,251)

	Group	
	2012	2011
	HK\$'000	HK\$'000
Income tax liabilities:		
Beginning of financial year	64,139	32,351
Tax expense (Note 9(a))		
– current financial year	19,117	72,791
– under provision in preceding financial years	5,386	2,247
Acquisition of a subsidiary (Note 16)	–	547
Transfer to deferred tax liabilities (Note 24)	(15,245)	–
Income tax paid	(29,961)	(47,006)
Currency translation differences	87	3,209
End of financial year	43,523	64,139

10. Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2012	2011
Net loss attributable to equity holders of the Company (HK\$'000)	(266,168)	(523,786)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,347	311,422
Basic loss per share (HK cents)	(85.49)	(168.19)
Diluted loss per share (HK cents)	(85.49)	(168.19)

The Group has no outstanding share options as at 31 December 2012 and 2011. As a result, diluted loss per share is equivalent to basic loss per share.

11. Cash and Bank Balances

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Cash at bank and in hand	507,678	944,024	5,105	895
Bank deposits pledged	1,236,276	898,853	–	–
	1,743,954	1,842,877	5,105	895

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2012 HK\$'000	2011 HK\$'000
Cash and bank balances (as above)	1,743,954	1,842,877
Less: Bank deposits pledged	(1,236,276)	(898,853)
Cash and cash equivalents per consolidated statement of cash flows	507,678	944,024

As at 31 December 2012, deposits of RMB588,948,000 (equivalent to HK\$730,856,000) (2011: RMB582,496,000 (equivalent to HK\$721,083,000)) and HK\$18,069,000 (2011: HK\$15,028,000) were pledged with banks to secure banking facilities granted to the subsidiaries of the Company by the banks amounting to HK\$1,500,135,000 (2011: HK\$1,025,840,000). The remaining balances of pledged deposits of RMB392,723,000 (equivalent to HK\$487,351,000) (2011: RMB131,464,000 (equivalent to HK\$162,742,000)) were pledged for bills payable.

Cash and bank balances are denominated in the following currencies at the balance sheet date:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong Dollar	22,821	23,183	817	744
United States Dollar	40,184	94,585	2,083	84
Chinese Renminbi	1,650,584	1,688,244	–	–
Singapore dollars	2,222	–	2,205	–
Euro	9,165	36,341	–	–
Australian Dollar	1,873	317	–	–
Thai Baht	16,987	–	–	–
Others	118	207	–	67
	1,743,954	1,842,877	5,105	895

The cash and bank balances of the PRC operating subsidiaries are denominated in Chinese Renminbi ("RMB") and deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

12. Trade and Other Receivables

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade receivables:				
– third parties	327,331	246,827	–	–
Less: Allowance for impairment of receivables – third parties (Note 32(iii))	(20,129)	(26,136)	–	–
Trade receivables – net	307,202	220,691	–	–
Bills receivables	6,943	104,612	–	–
Other receivables due from a minority shareholder of a subsidiary	67,951	67,640	–	–
Amounts due from subsidiaries	–	–	586,921	213,755
Amounts due from related parties	18,772	17,896	–	–
Less: Allowance for impairment of amounts due from a related party	(8,000)	(8,000)	–	–
Less: Allowance for impairment of amounts due from subsidiaries	–	–	(254,996)	–
	392,868	402,839	331,925	213,755
Less: Non-current portion – Trade receivable	(36,003)	–	–	–
	356,865	402,839	331,925	213,755

Amounts due from related parties represented amounts due from the joint venturers of the Group's joint ventures. The amounts due from joint venturers are unsecured and repayable on demand. The balance due from one of the venturers amounting to HK\$10,772,000 (2011: HK\$9,883,000) was interest-free and the interest rate on the amount due from another joint venturer was at Singapore Interbank Offered Rate plus 1% per annum.

Other receivables due from a minority shareholder of a subsidiary and amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies at the balance sheet date:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong Dollar	10,032	9,209	329,766	211,596
Chinese Renminbi	158,590	124,836	2,143	2,143
United States Dollar	172,956	257,725	16	16
Euro	3,498	266	–	–
Australian Dollar	47,792	10,803	–	–
	392,868	402,839	331,925	213,755

13. Other Current and Non-Current Assets

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Deposits placed with suppliers	142,010	209,731	–	–
VAT receivables	59,124	334,746	–	–
Other receivables and prepayments	199,976	437,487	1,160	1,080
Less: Provision for doubtful debts	(2,380)	(2,380)	–	–
Staff loans (Note 14)	1,076	1,509	–	–
	399,806	981,093	1,160	1,080
Less: Non-current portion				
– staff loans (Note 14)	(905)	(1,296)	–	–
– other receivables	(11,160)	(9,188)	–	–
	(12,065)	(10,484)	–	–
	387,741	970,609	1,160	1,080

Other current assets and other non-current assets are denominated in the following currencies at the balance sheet date:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Chinese Renminbi	281,243	958,653	–	–
Hong Kong Dollar	5,496	10,591	–	–
Singapore Dollar	1,160	1,080	1,160	1,080
United States Dollar	53,810	546	–	–
Euro	10,559	9,693	–	–
Australian Dollar	8,986	42	–	–
Thai Baht	38,367	–	–	–
Others	185	488	–	–
	399,806	981,093	1,160	1,080

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14. Staff Loans

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Included in other current assets				
– Not later than one year	171	213	–	–
Included in other non-current assets				
– Later than one year but within five years	570	719	–	–
– Later than five years	335	577	–	–
Total non-current (Note 13)	905	1,296	–	–
Total staff loans (Note 13)	1,076	1,509	–	–

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Beginning of financial year	1,509	1,990	–	–
Fair value gain recognised as prepayment	135	50	–	–
Repayments	(634)	(730)	–	–
Fair value loss (Note 5)	(135)	(50)	–	–
Deemed interest income (Note 4)	201	249	–	–
End of financial year	1,076	1,509	–	–

Staff loans are made under an approved staff loan scheme which is interest-free and unsecured. The loan balance of HK\$1,076,000 (2011: HK\$1,509,000) is repayable over 9 years until 2021.

15. Inventories

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Finished goods	299,797	227,490	–	–
Work-in-progress	124,182	108,952	–	–
Raw materials	387,459	249,540	–	–
	811,438	585,982	–	–

The cost of inventories recognised as an expense and included in “cost of inventories sold” amounted to HK\$997,480,000 (2011: HK\$1,101,551,000) (Note 5).

During the financial year, allowance and write-down of inventories to net realisable value amounting to HK\$869,000 (2011: HK\$593,000) was recognised in the consolidated income statement under the line item “Provision for inventory obsolescence and write-down of inventories” (Note 5).

The Group has recognised a reversal of provision of HK\$2,567,000 (2011: HK\$Nil) being part of an inventory write-down made in 2011, as the inventories were sold above their carrying amounts in 2012 (Note 5).

16. Investments in Subsidiaries

	Company	
	2012 HK\$'000	2011 HK\$'000
Equity investments at cost		
Beginning of financial year	734,615	942,087
Additions	–	218,385
Provision for impairment	(121,145)	(425,857)
End of financial year	613,470	734,615

Movements of provision for impairment of investment in subsidiaries are as follows:

	Company	
	2012 HK\$'000	2011 HK\$'000
Beginning of financial year	468,445	42,588
Provision for impairment	121,145	425,857
End of financial year	589,590	468,445

For the financial year ended 31 December 2012

16. Investments in Subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2012:

Name of companies	Principal activities	Country of business/ incorporation	Issued and paid up share capital/ registered capital	Equity holding	
				2012 %	2011 %
Anwell Technologies (HK) Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	100
Anwell Precision Technology (HK) Limited ^(a)	Sales and marketing of optical disc replication systems	Hong Kong	HK\$80,560	100	100
Dongguan Anwell Digital Machinery Co., Limited ^{(b), (i) and (l)}	Manufacturing of optical disc replication systems	PRC	US\$44,700,000	100	100
UmeDisc (Holdings) Limited ^(a)	Investment holding	Hong Kong	HK\$267,600,000	100	100
UmeDisc Limited ^(a)	Sales and marketing of media products	Hong Kong	HK\$10	100	100
Dongguan Umedisc Limited ^{(b) and (l)}	Sales and marketing of media products	PRC	HK\$3,000,000	100	100
UmeTech Machine Rental Service Limited ^(a)	Sales and marketing of optical disc replication systems	Hong Kong	HK\$10	100	100
Grandcorp Overseas Limited ^(f)	Investment holding	The British Virgin Islands	US\$1	100	100
UmeDisc (Beijing) Limited ^{(c) and (l)}	Sales and marketing of media products	PRC	HK\$5,000,000	100	100
UmeDisc (HK) Limited ^(a)	Sales and marketing of media products	Hong Kong	HK\$10,000	100	100
UmeTech Global Marketing Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	100
Media Delta Enterprises Limited ^(f)	Investment holding	The British Virgin Islands	US\$1	100	100
Mondex International Development Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	100
Henan Kerry Digital Co. Limited ^{(d) and (l)}	Manufacturing of recordable optical disc	PRC	RMB366,200,000	100	100

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16. Investments in Subsidiaries (continued)

Name of companies	Principal activities	Country of business/ incorporation	Issued and paid up share capital/ registered capital	Equity holding	
				2012 %	2011 %
Metroworld Holdings Limited ^(f)	Investment holding	The British Virgin Islands	US\$1	100	100
Maxwin International Holdings Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	100
Jilin Qingda Digital Co. Limited ^{(e) and (f)}	Manufacturing of recordable optical disc	PRC	RMB17,788,000	51	51
Power Ally Holdings Limited ^(f)	Investment holding	The British Virgin Islands	US\$10,000	100	100
Wison Lighting (HK) Limited (formerly known as "World Smart (Hong Kong) Limited") ^(a)	Trading of media products	Hong Kong	HK\$10,000	100	100
Dongguan World Smart Trading Limited ^{(b) and (f)}	Sales and marketing of solar cell products	PRC	HK\$3,000,000	100	100
China Bright International Enterprises Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	100
Anwell Solar Technologies Limited ^(a)	Sales and marketing of solar cell products	Hong Kong	HK\$10,000	100	100
Dongguan Anwell Thin Film and Vacuum Technology Co., Limited ^{(b) and (f)}	Design, manufacturing and sales of solar cell equipment	PRC	HK\$11,000,000	100	100
Sungen International Limited ^(a)	Sales and marketing of solar cell products	Hong Kong	HK\$10,000	100	100
Sungen International Inc. ^(f)	Sales and marketing of solar cell products	United States of America	US\$500	100	100
Dongguan Sungen Solar Co., Limited ^{(b), (f) and (f)}	Sales and marketing of solar cell products	PRC	RMB1,600,000,000	100	100
SUNGEN Europe GmbH ^{(f) and (f)}	Inactive	Germany	EUR25,000	100	100

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16. Investments in Subsidiaries (continued)

Name of companies	Principal activities	Country of business/ incorporation	Issued and paid up share capital/ registered capital	Equity holding	
				2012 %	2011 %
SUNGEN Power GmbH ^{(f) and (i)}	Sales and marketing of solar cell products	Germany	EUR25,000	100	100
SUNGEN Projects GmbH ^{(g) and (i)}	Inactive	Germany	EUR25,000	100	100
Henan Sungen Solar Fab Co. Limited ^{(d) and (i)}	Manufacturing of solar cell products	PRC	US\$64,000,000	100	100 ^(h)
Sungen Australia Pty Ltd ^(f)	Sales and marketing of solar cell products	Australia	AU\$100	100	100
Sungen Sydney Pty Ltd ^(g)	Sales and marketing of solar cell products	Australia	AU\$100	100	–
Sungen EPC Ltd ^(a)	Inactive	Hong Kong	HK\$10,000	100	–
Sungen Investments Holding Limited ^(a)	Investment holding	Hong Kong	HK\$10,000	100	–
Sungen (Thailand) Ltd ^{(k) and (i)}	Sales and marketing of solar cell products	Thailand	THB97,800	100	–

(a) Audited by PricewaterhouseCoopers, Hong Kong.

(b) Audited by Guangdong CCAT Certified Public Accounts Co. Ltd.

(c) Audited by Beijing Ling Feng Certified Public Accountants.

(d) Audited by Beijing Zongzhengtiantong Certified Public Accountants.

(e) Audited by Jilin Zhengtai Accounting Office Ltd.

(f) No audited financial statements have been prepared as these companies are incorporated in jurisdictions which do not have any statutory audit requirements.

(g) No statutory financial statements have been prepared as the company was newly incorporated in 2012.

(h) Audited by GHP GroBmann, Holst and Partner.

(i) Henan Sungen Solar Fab Co. Limited was the Group's jointly controlled entity until 31 July 2011. Please refer to Note 16 and Note 17 for details.

16. Investments in Subsidiaries (continued)

- (j) 19.5% of the equity holding of Dongguan Anwell Digital Machinery Co., Limited and 19.5% of the equity holding of Dongguan Sungen Solar Co., Limited are held by the Dongguan government related entities in exchange for the financing arrangements as disclosed in Note 23.
- (k) Audited by PricewaterhouseCoopers ABAS Limited.
- (l) Audited by PricewaterhouseCoopers firm outside Singapore for the purposes of preparation of consolidated financial statements.

Acquisition of a subsidiary

On 31 July 2011, the Group acquired an additional 10% of registered capital of Henan Sungen Solar Fab Co. Ltd. ("Henan Sungen"), the Group's jointly controlled entity, at a purchase consideration of RMB25,500,000 (equivalent to HK\$30,749,000) and obtained the control of Henan Sungen, a major manufacturing arm of the solar division of the Group. The fair value of 90% equity interest in Henan Sungen previously owned by the Group on the date of acquisition was RMB116,040,000 (equivalent to HK\$139,926,000) based on a valuation performed by an external valuer. A gain on remeasurement of this previously held interest of HK\$183,864,000 has been recognised in "other gains, net" in the consolidated income statement for the year ended 31 December 2011 (Note 7). This fair value was adjusted for the lack of control and lack of marketability that market participants would consider when estimating the fair value of Henan Sungen, an unlisted company.

Upon completion of the acquisition, Henan Sungen became a wholly-owned subsidiary of the Group. The goodwill arising on acquisition of HK\$91,018,000 was attributable to the enlarged production capacity and relevant sales volume after the acquisition of additional interest in Henan Sungen. None of the goodwill recognised was expected to be deductible for income tax purposes.

The following table summarises the consideration paid for the 10% acquisition, the fair value of assets acquired, liabilities assumed and the fair value of previously held interest at the acquisition date.

	HK\$'000
Purchase consideration:	
– Cash	30,749
– Fair value of previously held interest	139,926
Total purchase consideration	170,675
Deferred tax on business combination (Note 24)	(35,334)
Fair value of net assets acquired	(44,323)
Goodwill (Note 18(a))	91,018

16. Investments in Subsidiaries (continued)

The assets and liabilities of Henan Sungen as of 31 July 2011 were as follows:

	At fair value (100%) HK\$'000
<i>Identifiable assets and liabilities</i>	
Cash and cash equivalents	11,627
Pledged cash	96,005
Trade and other receivables	121,555
Inventories	68,234
Property, plant and equipment	395,560
Intangible assets	66,514
Other current assets	83,381
Total assets	842,876
Trade and other payables	577,436
Deferred income	4,000
Borrowings	211,648
Provision for taxation	5,469
Total liabilities	798,553
Identifiable net assets acquired	44,323
Cash and cash equivalents including pledged cash in a subsidiary	107,632
Less: 90% previously held balances	(96,868)
Net cash inflow on acquisition	10,764

Acquisition-related costs of HK\$1,537,000 had been charged to administrative expenses in consolidated income statement for the year ended 31 December 2011.

The revenue included in the consolidated income statement since 31 July 2011 contributed by the additional 10% equity interest in Henan Sungen was HK\$22,798,000. Henan Sungen also contributed profit of HK\$2,380,000 over the same period.

Had the additional 10% equity interest in Henan Sungen been consolidated from 1 January 2011, the consolidated income statement would have shown an increase in revenue of HK\$18,593,000 and profit of HK\$1,948,000 for the year ended 31 December 2011.

17. Investments in Joint Ventures

	Company	
	2012 HK\$'000	2011 HK\$'000
Equity Investments at cost		
Beginning of financial year	–	43,680
Provision for impairment	–	(43,680)
End of financial year	–	–

In April 2006, the Company acquired a 70% equity interest at a cost of US\$5,600,000 (HK\$43,680,000) in Lite Array Holdings Limited and its subsidiaries (the "Lite Array Group"), incorporated in the British Virgin Islands, which engages in the development and manufacturing of Organic Light Emitting Diode ("OLED") products. The Lite Array Group is deemed to be a joint venture of the Company as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers.

In July 2008, the Group formed a joint venture with a 90% equity interest at a cost of US\$25,200,000 (HK\$196,560,000) in Henan Sungen, which engages in the development and manufacturing of thin film solar cell/module. Henan Sungen was deemed to be a joint venture of the Group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers. On 31 July 2011, the Group acquired the remaining 10% equity interest of Henan Sungen at a consideration of RMB25,500,000 (equivalent to HK\$30,749,000) and Henan Sungen had become a wholly-owned subsidiary of the Group since then (Note 16).

In September 2008, the Group acquired a 50% equity interest at a cost of HK\$1 in Manwin International Limited ("Manwin"), which engages in the sales and distribution of Blu-ray discs. Manwin is deemed to be a joint venture of the Group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers.

For the financial year ended 31 December 2012

17. Investments in Joint Ventures (continued)

The following amounts represented the Group's share of the assets and liabilities and income and expenses of the above joint ventures that were included in the consolidated balance sheet and income statement using the line-by-line format of proportionate consolidation:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Assets:		
Current assets	1,453	1,980
Non-current assets	7,646	9,790
	9,099	11,770
Liabilities:		
Current liabilities	(27,879)	(25,678)
	(27,879)	(25,678)
Net liabilities	(18,780)	(13,908)
Sales	53	165,561
Other income	88	11,193
Expenses	(5,036)	(168,434)
(Loss)/profit before and after tax	(4,895)	8,320

18. Intangible Assets

Composition:	Group	
	2012	2011
	HK\$'000	HK\$'000
Goodwill arising on consolidation (Note (a))	93,668	93,439
Customer relationship (Note (b))	12,378	20,147
Development costs (Note (c))	34,803	–
Trademarks and licenses (Note (d))	378	659
Patents (Note (e))	23,749	38,653
Total intangible assets	164,976	152,898

18. Intangible Assets (continued)

(a) Goodwill arising on consolidation

	Group 2012 HK\$'000	2011 HK\$'000
Cost		
Beginning of financial year	93,439	97,271
Acquisition of a subsidiary (Note 16)	–	91,018
Impairment of goodwill (Note 5)	–	(100,773)
Currency translation differences	229	5,923
End of financial year	93,668	93,439

Segment-level summary of the goodwill allocation is as follows:

	Group 2012 Solar products manufacturing and related business HK\$'000	2011 Solar products manufacturing and related business HK\$'000
PRC	93,668	93,439

Goodwill of media products manufacturing and related business had been fully impaired at the end of the 2011 financial year.

Impairment tests for goodwill

Goodwill arising on acquisition is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments in respect of solar products manufacturing and related business.

The Group tests goodwill annually for impairment or when there are indications that goodwill might be impaired. The impairment test carried out as at 31 December 2011 for the media products manufacturing and related business CGU in the PRC and Hong Kong had revealed that the carrying amount of the goodwill of the CGU should be fully impaired. An impairment charge of HK\$100,773,000 was included within "Administrative expenses" in the consolidated income statement at end of the 2011 financial year. The impairment charge in 2011 had arisen from the media products manufacturing and related business CGU as a result of reducing customers' demand and change in market situation. The Group had also reassessed the useful lives of its remaining property, plant and equipment. Management determined that no change in the useful lives was required.

18. Intangible Assets (continued)

(a) Goodwill arising on consolidation (continued)

No impairment of goodwill is noted for the solar products manufacturing and related business CGU as the recoverable amount of this CGU exceeded the carrying value of non-current assets as at 31 December 2012 (2011: HK\$Nil).

The recoverable amount of the solar products manufacturing and related business CGU was determined based on the value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering seven-year period (2011: seven-year period). The growth rate did not exceed the long-term average growth rate of the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Group 2012 Solar products manufacturing and related business HK\$'000
Gross margin ¹	26%
Growth rate	5%
Discount rate ²	15%

¹ Budgeted gross margin

² Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the CGU. Management determined budgeted gross margin and weighted average growth rate based on past performance and its expectations of the market development. The discount rate used was pre-tax and reflected specific risks relating to the CGU's location of operations.

(b) Customer relationship

	Group 2012 HK\$'000	2011 HK\$'000
Beginning of financial year	20,147	–
Acquisition of a subsidiary (Note 16)	–	22,790
Amortisation charge (Note 5)	(7,787)	(3,165)
Currency translation differences	18	522
End of financial year	12,378	20,147

Amortisation of HK\$7,787,000 (2011: HK\$3,165,000) is included in "Other operating expenses" in the consolidated income statement.

18. Intangible Assets (continued)

(c) Development costs

	Group 2012 HK\$'000	2011 HK\$'000
Beginning of financial year	–	40,768
Additions	34,803	20,211
Amortisation charge (Note 5)	–	(14,631)
Acquisition of a subsidiary (Note 16)	–	7,386
Currency translation differences	–	815
Transferred to Patents (Note 18(e))	–	(39,352)
Impairment loss (Note 5)	–	(15,197)
End of financial year	34,803	–

Amortisation expenses of HK\$Nil (2011: HK\$14,631,000) is included in "Other operating expenses" in the consolidated income statement. An impairment charge of HK\$Nil (2011: HK\$15,197,000) is included within "Administrative expenses" in the consolidated income statement.

(d) Trademarks and licences

	Group 2012 HK\$'000	2011 HK\$'000
Beginning of financial year	659	813
Additions	75	182
Amortisation charge (Note 5)	(356)	(336)
End of financial year	378	659

Amortisation expenses of HK\$356,000 (2011: HK\$336,000) is included in "Other operating expenses" in the consolidated income statement.

(e) Patents

	Group 2012 HK\$'000	2011 HK\$'000
Beginning of financial year	38,653	–
Transferred from development costs (Note 18(c))	–	39,352
Acquisition of a subsidiary (Note 16)	–	4,372
Amortisation charge (Note 5)	(14,940)	(6,072)
Currency translation differences	36	1,001
End of financial year	23,749	38,653

Amortisation expenses of HK\$14,940,000 (2011: HK\$6,072,000) is included in "Other operating expenses" in the consolidated income statement.

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19. Property, Plant and Equipment

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Operating leasehold land HK\$'000	Buildings HK\$'000	Construction In progress HK\$'000	Total HK\$'000
Group 2012								
<i>Cost</i>								
Beginning of financial year	116,918	51,850	17,215	1,921,003	114,155	121,027	88,227	2,430,395
Additions	10,302	2,530	3,143	19,124	-	-	594,326	629,425
Transfer	-	-	-	185,701	-	11,801	(197,502)	-
Transfer from inventory	-	-	-	89,020	-	-	-	89,020
Disposals	-	(2,925)	(1,938)	(274,867)	-	-	-	(279,730)
Currency translation differences	284	113	28	6,737	257	264	629	8,312
End of financial year	127,504	51,568	18,448	1,946,718	114,412	133,092	485,680	2,877,422
Representing: Cost	127,504	51,568	18,448	1,946,718	114,412	133,092	485,680	2,877,422
<i>Accumulated depreciation and impairment</i>								
Beginning of financial year	49,657	24,140	9,165	1,031,317	4,473	17,379	-	1,136,131
Depreciation charge	16,119	8,278	2,770	168,825	2,387	5,724	-	204,103
Impairment loss (Note 3 and 5)	10,889	-	-	69,849	-	-	-	80,738
Disposals	-	(2,584)	(1,213)	(213,912)	-	-	-	(217,709)
Currency translation differences	163	45	17	16,482	9	37	-	16,753
End of financial year	76,828	29,879	10,739	1,072,561	6,869	23,140	-	1,220,016
Net book value End of financial year	50,676	21,689	7,709	874,157	107,543	109,952	485,680	1,657,406

19. Property, Plant and Equipment (continued)

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Operating leasehold land HK\$'000	Buildings HK\$'000	Construction In progress HK\$'000	Total HK\$'000
Group								
2011								
<i>Cost</i>								
Beginning of financial year	102,165	47,363	17,953	1,736,889	56,340	104,159	63,391	2,128,260
Additions	6,234	3,177	1,214	41,134	28,281	-	168,275	248,315
Acquisition of a subsidiary (Note 16)	(664)	(978)	(211)	77,707	-	-	(610)	75,244
Transfer	3,753	412	-	103,264	27,123	12,218	(146,770)	-
Transfer to inventory	-	-	-	(2,715)	-	-	-	(2,715)
Disposals	-	(316)	(2,315)	(133,673)	-	-	-	(136,304)
Currency translation differences	5,430	2,192	574	98,397	2,411	4,650	3,941	117,595
End of financial year	116,918	51,850	17,215	1,921,003	114,155	121,027	88,227	2,430,395
Representing: Cost	116,918	51,850	17,215	1,921,003	114,155	121,027	88,227	2,430,395
<i>Accumulated depreciation and impairment</i>								
Beginning of financial year	33,810	16,367	8,101	512,176	2,862	11,785	-	585,101
Depreciation charge	16,059	8,530	3,490	193,201	1,491	5,065	-	227,836
Impairment loss (Note 3 and 5)	-	-	-	396,033	-	-	-	396,033
Acquisition of a subsidiary (Note 16)	(2,020)	(1,086)	(597)	(35,709)	-	-	-	(39,412)
Transfer to inventory	-	-	-	(305)	-	-	-	(305)
Disposals	-	(274)	(2,123)	(61,169)	-	-	-	(63,566)
Currency translation differences	1,808	603	294	27,090	120	529	-	30,444
End of financial year	49,657	24,140	9,165	1,031,317	4,473	17,379	-	1,136,131
Net book value End of financial year	67,261	27,710	8,050	889,686	109,682	103,648	88,227	1,294,264

- (a) Included in total depreciation expense is an amount of HK\$44,070,000 (2011: HK\$130,106,000) which has been included in "Cost of inventories sold", HK\$115,616,000 (2011: HK\$83,953,000) in "Administrative expenses" and HK\$15,629,000 (2011: HK\$9,290,000) in "Other operating expenses" in the consolidated income statement, and HK\$28,788,000 (2011: HK\$4,487,000) capitalised under development costs in "Intangible assets" (Note 18(c)).
- (b) The carrying amount of motor vehicles held under finance leases is HK\$1,825,000 (2011: HK\$3,228,000) at the balance sheet date.
- (c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of HK\$770,783,000 as at 31 December 2012 (2011: HK\$770,667,000).
- (d) The mortgage loan has been fully repaid during the financial year. The carrying amount of buildings held under mortgage as at 31 December 2011 amounted to HK\$11,029,000.

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20. Trade and Other Payables

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade and bills payables	479,869	453,398	2	9
Deposits received from third parties	94,592	61,841	–	–
Amounts due to subsidiaries	–	–	12,743	22,883
Amounts due to related parties	2,512	2,053	–	–
Accrued operating expenses and other payables	222,115	165,920	4,997	2,912
Less: Write-off of other payables (Note 4)	–	(26)	–	–
VAT and other tax payable	24,224	291,781	–	–
	823,312	974,967	17,742	25,804
Less: Non-current portion	(85,596)	–	–	–
	737,716	974,967	17,742	25,804

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Amounts due to related parties represented amounts due to the joint venturers of the Group's joint ventures. The amounts are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies at the balance sheet date:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Japanese Yen	1,489	4,419	–	–
Hong Kong Dollar	50,453	53,281	11,731	21,869
Chinese Renminbi	546,761	801,083	1,164	1,164
United States Dollar	139,100	63,391	–	–
Euro	23,281	43,365	–	–
Singapore Dollar	4,847	2,771	4,847	2,771
Australian Dollar	16,393	6,657	–	–
Thai Baht	40,988	–	–	–
	823,312	974,967	17,742	25,804

21. Borrowings

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Current				
<i>Secured</i>				
Finance lease liabilities (Notes (c) and 25)	540	974	–	–
Short-term borrowings (Note (a))	1,876,731	1,400,777	417,825	–
Trust receipts and import trade loans (Note (b))	626,583	719,107	–	208,000
Mortgage loan (Note (d))	–	471	–	–
	2,503,854	2,121,329	417,825	208,000
Non-current				
<i>Secured</i>				
Finance lease liabilities (Notes (c) and 25)	1,099	885	–	–
Mortgage loan (Note (d))	–	3,243	–	–
Long-term borrowings (Note (a))	–	93,097	–	–
	1,099	97,225	–	–
Total borrowings	2,504,953	2,218,554	417,825	208,000

(a) Short-term/long-term borrowings

As at 31 December 2012, term loans of HK\$333,971,000 (2011: HK\$308,071,000) were classified as current liabilities in the consolidated balance sheet as these contained a repayment on demand clause.

Finance guarantee has been provided by the Company for interest-bearing banking facilities totalling HK\$129,200,000 as at 31 December 2012 (2011: HK\$225,400,000).

The effective interest rate of bank borrowings at the balance sheet date was 4.92% (2011: 6.07%) per annum.

(b) Trust receipts and import trade loans

The effective interest rate of trust receipts loans and import trade loans at the balance sheet date was 1.01% (2011: 1.94%) per annum.

(c) Finance lease liabilities

The effective interest rate of finance lease liabilities at the balance sheet date was 2.11% (2011: 2.83%) per annum.

(d) Mortgage loan

The mortgage loan has been fully repaid during the financial year. The effective interest rate of mortgage loan at 31 December 2011 was 3.5% per annum.

21. Borrowings (continued)

(e) Notes payable

On 7 November 2007, the Company issued three 6% 2-year redeemable non-convertible notes of principal amount of HK\$50,000,000 ("Notes Payable") as part of the consideration for the acquisition of subsidiaries. The Notes Payable would be satisfied by cash pursuant to the terms of the respective acquisition agreements. The interest expenses on the Notes Payable were payable annually in arrears on each annual redemption date.

The Company had the right to redeem the notes before maturity or the holders had the right to redeem the notes for an amount of up to half the issue price plus interest payable on the date falling on the first anniversary of the issue date.

The interest of Notes Payable had been repaid in 2011. The movement of the Notes Payable was analysed as follows:

	Group and Company 2011 HK\$'000
Beginning of financial year	379
Repayment of interest	(379)
End of financial year	–

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
6 months or less	1,333,453	1,152,311	139,023	169,000
6–12 months	836,430	656,818	278,802	39,000
1–5 years	335,070	408,242	–	–
Over 5 years	–	1,183	–	–
	2,504,953	2,218,554	417,825	208,000

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21. Borrowings (continued)

The carrying amounts of borrowings were denominated in the following currencies at the balance sheet date:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong Dollar	320,236	180,796	–	–
United States Dollar	760,673	536,252	417,825	208,000
Chinese Renminbi	1,417,977	1,487,762	–	–
Japanese Yen	5,915	13,346	–	–
Euro	–	398	–	–
Australian Dollar	152	–	–	–
	2,504,953	2,218,554	417,825	208,000

As at 31 December 2012, the Group's banking facilities were secured by certain bank deposits of the Group (Note 11).

At the balance sheet date, the carrying amounts of borrowings approximated to their fair values.

The current borrowings have an average maturity of 8 months (2011: 11 months) from the balance sheet date.

22. Redeemable Notes

On 20 August 2008, China Bright International Enterprises Limited ("China Bright"), a wholly owned subsidiary of the Company, issued 10% redeemable notes at a nominal value of S\$11,000,000 (HK\$60,159,000) to independent third party subscribers. The notes would mature three years from the issue date at its nominal value of S\$11,000,000 (HK\$60,159,000) or could be converted by the holders into shares of China Bright upon listing of China Bright's shares on any internationally recognised stock exchange via either an initial public offering or a reverse takeover at any time before maturity.

The redeemable notes had been repaid in 2011. The movement of the redeemable notes were analysed as follows:

	Group 2011 HK\$'000
Redeemable notes	
– to be settled within one year	–
	–

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22. Redeemable Notes (continued)

	Group 2011 HK\$'000
Beginning of financial year	68,225
Fair value gain – net (Note 7)	(6)
Interest expense (Note 8)	5,422
Interest paid	(6,969)
Principal paid	(71,610)
Currency translation differences	4,938
	(68,225)
End of financial year	–

Interest expense on the redeemable notes was calculated on the effective interest basis by applying the interest rate of 11.04% per annum for the year ended 31 December 2011 for an equivalent non-convertible redeemable note at the date of issue of the redeemable notes to the liability component of the redeemable notes.

23. Other Financial Liabilities

	Group 2012 HK\$'000	2011 HK\$'000
Non-current		
Other financial liabilities	1,633,887	1,516,077

The carrying amounts of other financial liabilities are denominated in the following currencies at the balance sheet date:

	Group 2012 HK\$'000	2011 HK\$'000
Chinese Renminbi	1,633,887	1,516,077

23. Other Financial Liabilities (continued)

For the purpose of funding the Group's solar business expansion, in 2011 the Group entered into various funding arrangements with various government related bodies in Dongguan, which mainly includes:

- In June 2011, the Group obtained RMB500 million financing from a government related entity in Dongguan in exchange for 19.5% of the Group's shareholding in a subsidiary, Dongguan Sungen Solar Co., Limited, for the purpose of building the Group's thin film solar production plant in Dongguan. RMB200 million was received in 2011 and RMB300 million was received in 2012.

In accordance with the terms of the financing arrangement, the Group has to repurchase Dongguan Sungen Solar Co., Limited's shareholding from the government related entity three years after the injection of the financing. As the Group has a contractual obligation to deliver cash in accordance with the terms of the arrangement, this has been classified as a financial liability.

- In August 2011, the Group obtained RMB700 million financing from a Dongguan government related entity in exchange for 19.5% of the Group's shareholding in a subsidiary, Dongguan Anwell Digital Machinery Co. Ltd ("DA 1"), for the purpose of building the Group's thin film solar production plant in Dongguan. RMB700 million was received in August 2011.

As part of the RMB700 million financing arrangement, the Dongguan government related entity has been granted a put option to sell its shareholding in DA 1 back to the Group 5 years after the initial capital injection. Furthermore, the Group shall repurchase the shareholding in DA 1 from the government related entity upon expiry of the put option. As such, the Group has a contractual obligation to deliver cash in accordance with the terms of the arrangement. Therefore, the arrangement has been classified as a financial liability as at 31 December 2011 and 2012.

- During the year, the Group has capitalised borrowing costs amounting to HK\$29,485,000 (2011: HK\$4,647,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 8.93% (2011: 7.75%).

24. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Deferred income tax assets:				
– to be recovered within one year	11,919	13,211	–	–
– to be recovered after one year	196,840	201,546	–	–
	208,759	214,757	–	–
Deferred income tax liabilities:				
– to be settled within one year	19,279	3,414	–	–
– to be settled after one year	24,050	8,272	–	–
	43,329	11,686	–	–

24. Deferred Income Taxes (continued)

The movement in the deferred income tax assets and liabilities are as follows:

Group

Deferred income tax assets:	Unrealised profits HK\$'000	Government grant HK\$'000	Other HK\$'000	Total HK\$'000
2012				
Beginning of financial year	208,945	5,253	559	214,757
Tax charged to consolidated income statement (Note 9)	(5,201)	(366)	(558)	(6,125)
Currency translation differences	116	12	(1)	127
End of financial year	203,860	4,899	–	208,759
2011				
Beginning of financial year	103,755	7,309	1,440	112,504
Tax credited/(charged) to consolidated income statement (Note 9)	121,185	(2,365)	(895)	117,925
Acquisition of a subsidiary (Note 16)	(18,124)	–	–	(18,124)
Currency translation differences	2,129	309	14	2,452
End of financial year	208,945	5,253	559	214,757
Deferred income tax liabilities:	Accelerated tax depreciation HK\$'000	Research and development HK\$'000	Other HK\$'000	Total HK\$'000
2012				
Beginning of financial year	–	8,820	2,866	11,686
Tax charged to consolidated income statement (Note 9)	–	1,791	14,443	16,234
Transfer from current income tax liabilities (Note 9)	–	–	15,245	15,245
Currency translation differences	–	29	135	164
End of financial year	–	10,640	32,689	43,329
2011				
Beginning of financial year	12,285	6,072	–	18,357
Tax (credited)/charged to consolidated income statement (Note 9)	(12,913)	2,612	2,943	(7,358)
Currency translation differences	628	136	(77)	687
End of financial year	–	8,820	2,866	11,686

24. Deferred Income Taxes (continued)

The movement in the deferred income tax account is as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Beginning of financial year	(203,071)	(94,147)	–	–
Tax charged/(credited) to consolidated income statement (Note 9)	22,359	(125,283)	–	–
Transfer from current income tax liabilities (Note 9)	15,245	–	–	–
Acquisition of a subsidiary (Note 16)	–	18,124	–	–
Currency translation differences	37	(1,765)	–	–
End of financial year	(165,430)	(203,071)	–	–

Deferred tax liabilities as at 31 December 2012 of HK\$6,893,000 (2011: HK\$2,628,000) were recognised in respect of withholding tax that would be payable on the unremitted earnings of certain PRC subsidiaries.

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of approximately HK\$833,959,000 (2011: HK\$613,356,000) at the balance sheet date which can be carried forward to be utilised against future taxable income subject to confirmation by the respective local tax authorities. No deferred tax assets in respect of such losses have been recognised as at 31 December 2012 due to uncertainty of their future recoverability. Tax losses of HK\$727,470,000 as at 31 December 2012 have no expiry date. The remaining tax losses of HK\$106,439,000 as at 31 December 2012 will expire at various dates up to and including 2016.

25. Finance Leases Liabilities

The Group leases certain plant and equipment, and motor vehicles from third parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2012	2011
	HK\$'000	HK\$'000
Minimum lease payments due:		
– Not later than one year	613	1,054
– Between one and five years	1,157	933
Less: Future finance charges	1,770	1,987
	(131)	(128)
Present value of finance lease liabilities	1,639	1,859

The present values of finance liabilities are analysed as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Not later than one year (Note 21)	540	974
Between one and five years (Note 21)	1,099	885
	1,639	1,859

26. Deferred Income

The deferred income represents the subsidies granted by the PRC Government to the subsidiaries of the Company.

	Group	
	2012	2011
	HK\$'000	HK\$'000
Deferred income:		
– to be recognised within one year	14,646	59,575
– to be recognised after one year	17,933	64,621
	32,579	124,196

	Group	
	2012	2011
	HK\$'000	HK\$'000
Beginning of financial year	124,196	179,643
Acquisition of a subsidiary (Note 16)	–	400
Received during the financial year	72,607	82,829
Recognised in the consolidated income statement	(163,879)	(144,075)
Currency translation differences	(345)	5,399
End of financial year	32,579	124,196

27. Provision for Warranty

Provision for product warranty costs is as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Beginning of financial year	–	–
Provision made (Note 5)	3,168	–
End of financial year	3,168	–

The Group's photovoltaic modules are typically sold with 5-years warranty for defects in materials and workmanship and a 10 and 25 years minimum power output warranty, against declines of more than 10% and 20%, respectively, of initial power generation capacity from the date of delivery. The Group has the right to repair or replace solar modules, at its option, under the terms of the warranty policy. Due to limited warranty claim history, the Group estimates warranty costs based on the Group's historical cost data, industry data and an assessment of the Group's competitors history of warranty claims. The Group maintains a provision for warranty based on the above estimate to cover the potential liabilities that could arise under these warranties.

28. Share Capital and Treasury Shares

	Number of shares Issued share capital	Amount Share capital HK\$'000	Amount Treasury shares HK\$'000
2012			
Beginning and end of financial year	311,347,250	1,248,837	(498)
2011			
Beginning of financial year	311,647,250	1,248,837	–
Acquisition of treasury shares (Note a)	(300,000)	–	(498)
End of financial year	311,347,250	1,248,837	(498)

All issued shares are fully paid. There is no par value for these ordinary shares.

Note a: The Company acquired 300,000 of its shares in the open market in 2011. The total amount paid to acquire the shares was S\$80,769 (equivalent to HK\$498,000) and this is presented as a separate component within shareholders' equity.

29. Other Reserve

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Equity component of convertible bonds at beginning and end of financial year	3,914	3,914	3,914	3,914

30. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the consolidated financial statements are as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Property, plant and equipment	224,881	124,700

30. Commitments (continued)

(b) Operating lease commitments – where the Group is a lessee

The Group leases various factories and offices from third parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Not later than one year	7,726	6,704
Between one to five years	14,561	18,765
Later than five years	542	529
	22,829	25,998

31. Contingent Liabilities

In prior years, Anwell Precision Technology (HK) Ltd. ("APTHK"), a subsidiary of the Company made offshore income claims in respect of its overseas sales. Since then the Hong Kong Inland Revenue Department ("IRD") had queried the validity of such claims, and had issued protective assessment in 2010 in respect of the year of assessment 2003/2004 in order to keep the case open given the statutory time bar. As such, the Group purchased tax reserve certificates totalling HK\$5,094,000 in 2010.

In March 2011, the IRD had again issued a protective assessment in respect of the year of assessment 2004/2005. The Group converted the prepaid tax of HK\$13,768,000 to tax reserve certificates and purchased additional tax reserve certificate totalling HK\$6,621,000 in 2011. The total tax certificates purchased as of 31 December 2012 in respect of these offshore claims amounted to HK\$25,483,000.

Since the case is still in the information collection stage, the Group is of the view that there is no present obligation and no reliable basis for estimating, and making provision for potential tax liabilities, if any, and the corresponding penalty and interest, if any, as at the date of this report. As for years of assessment 2005/06 onward, as APTHK had accumulated tax loss position, it is expected the risk of a significant tax exposure is low even if those offshore claims were being queried by the IRD.

32. Financial Risk Management

The Group's activities expose it to a variety of significant financial risks. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by directors in accordance with prevailing economic and operating conditions.

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards and foreign currency borrowings to economically hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(i) Currency risk

The Group operates in Asia with dominant operations in Hong Kong and the PRC. Entities in the Group regularly transact in currencies other than their respective functional currencies such as the Hong Kong Dollar ("HKD"), United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Japanese Yen ("JPY"), Chinese Renminbi ("RMB"), Australian Dollar ("AUD") and Thai Baht ("THB").

Currency risk arises when transactions are denominated in foreign currencies other than the functional currencies of the respective group companies.

Certain of the assets of the Group are principally denominated in USD. As the HKD is pegged to USD, foreign exchange exposure is considered to be minimal.

The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. This currency exposure is managed primarily through sourcing raw materials denominated in the same currency.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	RMB HK\$'000	JPY HK\$'000	EUR HK\$'000	SGD HK\$'000	AUD HK\$'000	THB HK\$'000	Others HK\$'000	Total HK\$'000
At 31 December 2012								
Financial Assets								
Cash and cash equivalents	1,650,584	35	9,165	2,222	1,873	16,987	83	1,680,949
Trade and other receivables	158,590	-	3,498	-	47,792	-	-	209,880
Other financial assets	281,243	177	10,559	1,160	8,986	38,367	8	340,500
	2,090,417	212	23,222	3,382	58,651	55,354	91	2,231,329
Financial Liabilities								
Borrowings	1,417,977	5,915	-	-	152	-	-	1,424,044
Trade and other payables	546,761	1,489	23,281	4,847	16,393	40,988	-	633,759
Other financial liabilities	1,633,887	-	-	-	-	-	-	1,633,887
	3,598,625	7,404	23,281	4,847	16,545	40,988	-	3,691,690
Net financial (liabilities)/assets	(1,508,208)	(7,192)	(59)	(1,465)	42,106	14,366	91	(1,460,361)
Less: Net financial liabilities/(assets) dominated in the respective entities' functional currencies	1,509,012	-	(8,485)	1,482	(35,838)	(11,331)	-	1,454,840
Currency exposure	804	(7,192)	(8,544)	17	6,268	3,035	91	(5,521)

32. Financial Risk Management (continued)

Financial risk factors (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	RMB HK\$'000	JPY HK\$'000	EUR HK\$'000	SGD HK\$'000	AUD HK\$'000	Others HK\$'000	Total HK\$'000
At 31 December 2011							
Financial Assets							
Cash and cash equivalents	1,688,244	8	36,341	67	317	132	1,725,109
Trade and other receivables	124,836	-	266	-	10,803	-	135,905
Other financial assets	958,653	262	9,693	1,080	42	226	969,956
	2,771,733	270	46,300	1,147	11,162	358	2,830,970
Financial Liabilities							
Borrowings	1,487,762	13,346	398	-	-	-	1,501,506
Trade and other payables	801,083	4,419	43,365	2,771	6,657	-	858,295
Other financial liabilities	1,516,077	-	-	-	-	-	1,516,077
	3,804,922	17,765	43,763	2,771	6,657	-	3,875,878
Net financial (liabilities)/ assets							
	(1,033,189)	(17,495)	2,537	(1,624)	4,505	358	(1,044,908)
Less: Net financial liabilities/ (assets) dominated in the respective entities' functional currencies	1,042,652	-	(9,854)	2,704	2,445	-	1,037,947
Currency exposure	9,463	(17,495)	(7,317)	1,080	6,950	358	(6,961)

32. Financial Risk Management (continued)

Financial risk factors (continued)**(i) Currency risk (continued)**

The Company's currency exposure based on the information provided to key management is as follows:

	2012			2011		
	RMB HK\$'000	SGD HK\$'000	Total HK\$'000	SGD HK\$'000	USD HK\$'000	Total HK\$'000
Financial Assets						
Cash and cash equivalents	–	2,205	2,205	–	67	67
Trade and other receivables	2,143	–	2,143	2,143	–	2,143
Other financial assets	–	1,160	1,160	–	1,080	1,080
	2,143	3,365	5,508	2,143	1,147	3,290
Financial Liabilities						
Trade and other payables	1,164	4,847	6,011	1,164	2,771	3,935
Borrowings	–	–	–	–	–	–
	1,164	4,847	6,011	1,164	2,771	3,935
Net financial assets/ (liabilities)	979	(1,482)	(503)	979	(1,624)	(645)
Less: Net financial liabilities dominated in the respective entities' functional currencies	–	–	–	–	–	–
Currency exposure	979	(1,482)	(503)	979	(1,624)	(645)

For companies with HKD as their functional currency

At 31 December 2012, if RMB had weakened/strengthened by 1% against the HKD with all other variables held constant, pre-tax loss for the year would have been approximately HK\$31,000 higher/lower (2011: pre-tax loss of HK\$17,000 higher/lower), mainly as a result of the foreign exchange losses/gains on translation of RMB denominated cash and bank deposits, trade and other receivables, trade and other payables and borrowings.

For companies with RMB as their functional currency

At 31 December 2012, if USD had weakened/strengthened by 1% against the RMB with all other variables held constant, pre-tax loss for the year would have been approximately HK\$933,000 higher/lower (2011: pre-tax loss of HK\$889,000 higher/lower), mainly as a result of the foreign exchange losses/gains on translation of USD denominated cash and bank deposits, trade and other receivables, trade and other payables and borrowings.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposures to changes in interest rates are mainly attributable to its borrowings, other financial liabilities and bank deposits.

Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's borrowings has been disclosed in Note 21 of the financial statements.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration of refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated income statement of a defined interest rate shift. For each simulation, the same interest rate shift is used. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on consolidated income statement of a 100 basis-point shift would be a maximum increase/decrease in net loss of HK\$25,033,000 (2011: increase/decrease in net loss of HK\$22,167,000) for the year ended 31 December 2012.

(iii) Credit risk

The Group has no significant concentrations of credit risk. The fair values of cash and cash equivalents and trade and other receivables and other current assets represent the Group's maximum exposure in relation to financial assets.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings.

The Group has policies to limit the amount of credit exposure to any customers, to ensure that sales of products or services are made to customers with an appropriate credit history and to perform periodic credit evaluations of its customers through reviewing of their financial statements and carrying out site visit. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(iii) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's trade and other receivables at the balance sheet date is as follows:

	Group			
	2012		2011	
	HK\$'000	% of total	HK\$'000	% of total
By Country				
Hong Kong	92,569	24%	166,913	42%
PRC	170,192	43%	124,835	31%
Rest of Asia	11,867	3%	26,934	7%
Europe	22,551	6%	34,087	8%
South America	38,502	10%	30,123	7%
North America	7,481	2%	11,760	3%
Australia	48,377	12%	8,187	2%
Others	1,329	0%	–	0%
	392,868	100%	402,839	100%

	Group			
	2012		2011	
	HK\$'000	% of total	HK\$'000	% of total
By Business segments				
Equipment manufacturing and related business	27,618	7%	25,610	6%
Media products manufacturing and related business	238,001	61%	235,849	59%
Solar products manufacturing and related business	127,249	32%	141,380	35%
	392,868	100%	402,839	100%

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(iii) Credit risk (continued)

Credit risk concentration profile (continued)

For the financial years ended 31 December 2012 and 2011, trade receivables of HK\$20,129,000 and HK\$26,136,000, respectively, had been impaired and were fully provided for. The individually impaired receivables mainly relate to customers which were in financial difficulties. The aging analysis of these non-recoverable receivables based on due date is as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Past due over 6 months	20,129	26,136	–	–
	20,129	26,136	–	–

For the financial years ended 31 December 2012 and 2011, trade receivables of HK\$121,932,000 and HK\$49,472,000 respectively were past due but not impaired. The credit terms provided to customers were normally 90 days for the years ended 31 December 2012 and 2011. These relate to a number of customers with no history of credit default and they are in continuous trading with the Group. The aging analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Past due 0 to 3 months	53,072	39,040	–	–
Past due 3 to 6 months	31,116	4,899	–	–
Past due over 6 months	37,744	5,533	–	–
	121,932	49,472	–	–

Movements of provision for impairment of trade receivables are as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Beginning of financial year	26,136	17,124	–	–
Write-off	(2,228)	–	–	–
(Reversal)/allowance made	(3,779)	9,012	–	–
End of financial year	20,129	26,136	–	–

The provision for impaired receivables has been included in administrative expenses in the consolidated income statement (Note 5). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	On demand HK\$'000	Less than 1 year HK\$'000	Between 2 and 5 years HK\$'000	More than 5 years HK\$'000
Group				
At 31 December 2012				
Trade and other payables	–	737,716	88,584	–
Borrowings, trust receipts and import trade loans, including interest payable	379,903	2,207,987	318	–
Finance lease liabilities, including interest payable	–	613	1,157	–
Other financial liabilities, including interest payable	–	–	603,454	1,853,208
	379,903	2,946,316	693,513	1,853,208
At 31 December 2011				
Trade and other payables	–	974,967	–	–
Borrowings, trust receipts and import trade loans, including interest payable	49,334	1,796,717	507,984	–
Mortgage loan, including interest payable	–	594	2,376	1,228
Finance lease liabilities, including interest payable	–	1,054	933	–
Other financial liabilities, including interest payable	–	–	604,414	1,869,708
	49,334	2,773,332	1,115,707	1,870,936

The above analysis is based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(iv) Liquidity risk (continued)

	On demand HK\$'000	Less than 1 year HK\$'000	Between 2 and 5 years HK\$'000	More than 5 years HK\$'000
Company				
At 31 December 2012				
Trade and other payables	–	17,742	–	–
Borrowings, including interest payable	–	424,949	–	–
Finance guarantee contracts	–	129,200	–	–
	–	571,891	–	–
At 31 December 2011				
Trade and other payables	–	25,804	–	–
Notes payable, including interest payable	–	210,238	–	–
Finance guarantee contracts	–	225,400	–	–
	–	461,442	–	–

(v) Capital risk

The capital structure of the Group consists of owner's equity and debts, which include borrowings, convertible bonds, redeemable notes, bank balances and cash and equity attributable to equity holders of the Company which comprises of issued share capital and retained earnings.

The Group's objectives when managing capital are to finance its operations with its owned capital and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

The directors of the Company review the capital structure on an annual basis. As a part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including borrowings from banks or other third parties. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

Where the capital level exceeds the working capital requirement, the Group may adjust the amount of dividends paid to shareholders to reduce the working capital level.

The Group's overall strategy remains unchanged from year 2011.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, other financial liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

32. Financial Risk Management (continued)

Financial risk factors (continued)

(v) Capital risk (continued)

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Net debt	3,218,198	2,866,721	430,462	232,909
Total equity	320,274	597,342	516,093	716,541
Total capital	3,538,472	3,464,063	946,555	949,450
Gearing ratio	91%	83%	45%	25%

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2012.

33. Derivative Financial Instruments

	Group	
	2012 HK\$'000	2011 HK\$'000
Beginning of financial year	17	–
Fair value gain/(loss)		
– (Charged)/credited to consolidated income statement (Note 5)	(429)	429
– Charged to consolidated income statement (Note 8)	(1,579)	(412)
End of financial year	(1,991)	17

Analysed as:

	Contract/ Notional Amount HK\$'000	Group	
		Fair values Assets HK\$'000	Liabilities HK\$'000
2012			
<i>Non-hedging instruments</i>			
– Currency forwards	108,914	–	1,991
2011			
<i>Non-hedging instruments</i>			
– Currency forwards	190,803	429	412

The derivative financial instruments were included in other receivables and other payables in the consolidated balance sheet (Notes 13 and 20 respectively).

34. Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2012	2011
	HK\$'000	HK\$'000
Sales of machines and parts to joint ventures (Note i)	–	(105,190)
Sales of finished goods to joint ventures (Note ii)	(4)	(48,412)
Purchases of finished goods from joint ventures (Note iii)	–	4,708
Purchases of machines from joint ventures (Note iv)	–	3,073
Services provided from a joint venture (Note v)	–	289

- (i) These represented the sales of machines and parts to joint ventures. The transactions were conducted based on prices mutually agreed between both parties.
- (ii) These represented the sales of finished goods to joint ventures. The transactions were conducted based on prices mutually agreed between both parties.
- (iii) These represented the purchases of finished goods from joint ventures. The transactions were conducted based on prices mutually agreed between both parties.
- (iv) These represented the purchases of machines from joint ventures. The transactions were conducted based on prices mutually agreed between both parties.
- (v) These represented the services provided from a joint venture. The transactions were conducted based on prices mutually agreed between both parties.

The above related party transactions are not Interested Person Transactions pursuant to the Listing Rule 907. As at 31 December 2012, there were no contracts the value of which were more than S\$100,000 and which involved the Company's directors, CEO and controlling shareholders.

34. Related Party Transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	13,575	16,670
Post-employment benefits – contribution to MPF	41	48
	13,616	16,718

Included in the above was total compensation to directors of the Company amounting to HK\$10,140,000 (2011: HK\$8,377,000).

35. Immediate and Ultimate Holding Corporation

The Company's immediate and ultimate holding corporation is Tech Power Resources Co., Limited, incorporated in the British Virgin Islands.

36. Segment Information

Management has determined the operating segments based on the internal reports reviewed by the executive directors that are used to make strategic decisions.

As at 31 December 2012, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

- Equipment manufacturing and related business;
- Media products manufacturing and related business; and
- Solar products manufacturing and related business.

Although the Group's products are sold to Europe, Hong Kong and China, North and South America, other Asia Pacific markets and other overseas markets, the chief operating decision maker of the Group regularly reviews the consolidated financial statements by business segment to assess performance and make resources allocation decisions.

Sales between segments are carried out on an arm's length basis. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement. Unallocated costs represent corporate expenses.

Segment assets consist primarily of property, plant and equipment, intangible assets, operating cash, inventories, receivables, other current assets and deferred income tax assets. Segment liabilities comprise operating liabilities, bank borrowings, other financial liabilities and income tax liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

36. Segment Information (continued)

The segment results for year ended 31 December 2012 are as follows:

	Equipment manufacturing and related business HK\$'000	Media products manufacturing and related business HK\$'000	Solar products manufacturing and related business HK\$'000	Elimination HK\$'000	Group HK\$'000
Financial year ended 31 December 2012					
Sales:					
– external sales	109,540	790,219	436,681	–	1,336,440
– inter-segment sales	489,842	359	84,565	(574,766)	–
	599,382	790,578	521,246	(574,766)	1,336,440
Segment result	(173,215)	207,175	(15,660)		18,300
Other gains					3
Unallocated costs					(5,978)
Finance expenses					(220,837)
Loss before income tax					(208,512)
Income tax expense					(53,285)
Net loss					(261,797)
Segment assets	1,821,492	1,109,860	2,467,408		5,398,760
Unallocated assets					6,265
Consolidated total assets					5,405,025
Segment liabilities	2,581,987	512,516	1,567,244		4,661,747
Unallocated liabilities					423,004
Consolidated total liabilities					5,084,751
Other segment items					
Additions to non-current assets					
– property, plant and equipment	65,153	78,511	459,215		602,879
– intangible assets (excluding goodwill)	75	–	34,803		34,878
Depreciation (Note 19(a))	90,070	59,922	54,111		204,103
Amortisation	31	–	23,052		23,083
Impairment					
– property, plant and equipment	80,738	–	–		80,738

36. Segment Information (continued)

The segment results for year ended 31 December 2011 are as follows:

	Equipment manufacturing and related business HK\$'000	Media products manufacturing and related business HK\$'000	Solar products manufacturing and related business HK\$'000	Elimination HK\$'000	Group HK\$'000
Financial year ended 31 December 2011					
Sales:					
– external sales	185,073	778,066	477,676	–	1,440,815
– inter-segment sales	690,751	63	61,141	(751,955)	–
	875,824	778,129	538,817	(751,955)	1,440,815
Segment result	(62,747)	(646,457)	212,775		(496,429)
Other gains					1
Unallocated costs					(7,875)
Finance expenses					(109,587)
Gain on derivative					6
Loss before income tax					(613,884)
Income tax credit					41,894
Net loss					(571,990)
Segment assets	1,914,892	1,289,320	2,300,774		5,504,986
Unallocated assets					1,975
Consolidated total assets					5,506,961
Segment liabilities	2,457,006	647,148	1,594,544		4,698,698
Unallocated liabilities					210,921
Consolidated total liabilities					4,909,619
Other segment items					
Additions to non-current assets					
– property, plant and equipment	89,990	69,280	89,045		248,315
– intangible assets (excluding goodwill)	171	–	20,222		20,393
Depreciation	56,780	142,306	24,263		223,349
Amortisation	11	11,288	12,905		24,204
Impairment					
– property, plant and equipment	–	396,033	–		396,033
– intangible assets (excluding goodwill)	–	15,197	–		15,197
– goodwill	–	100,773	–		100,773
Gain on remeasurement of previously held interest	–	–	(183,864)		(183,864)

36. Segment Information (continued)

The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated income statement.

Segment assets and liabilities are reconciled to consolidated assets and liabilities as follows:

	As at 31 December 2012	
	Assets HK\$	Liabilities HK\$
Segment assets/liabilities	5,398,760	4,661,747
Unallocated:		
Cash and bank balances of the Company	5,105	–
Borrowings of the Company	–	417,825
Others	1,160	5,179
Total	5,405,025	5,084,751

	As at 31 December 2011	
	Assets HK\$	Liabilities HK\$
Segment assets/liabilities	5,504,986	4,698,698
Unallocated:		
Cash and bank balances of the Company	895	–
Borrowings of the Company	–	208,000
Others	1,080	2,921
Total	5,506,961	4,909,619

Sales are attributed to the segments based on the location of the customers; and assets are attributed to the segments based on the location of the assets.

The Group's three business segments operate in five main geographical areas:

- PRC – Equipment, media products and solar products manufacturing and related business.
- Hong Kong – Equipment, media products and solar products manufacturing and related business.
- Europe and rest of Asia – Equipment, media products and solar products manufacturing and related business.
- North America & South America – Equipment and media products manufacturing and related business.
- Oceania – Solar products manufacturing and related business.

36. Segment Information (continued)

	Sales		Total assets	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
PRC	1,292,783	1,339,389	9,440,585	8,792,677
Hong Kong	837,963	1,104,729	2,931,736	1,988,593
Europe	320,696	323,643	153,632	159,858
North America	77,358	122,459	29,565	16,939
South America	281,165	139,013	38,502	30,123
Rest of Asia	261,190	258,953	73,690	51,682
Oceania	133,553	–	97,616	–
Others	9,165	34,906	1,447	479,358
	3,213,873	3,323,092	12,766,773	11,519,230
Eliminations	(1,877,433)	(1,882,277)	(7,361,748)	(6,012,269)
	1,336,440	1,440,815	5,405,025	5,506,961

Total assets include:

	Property, plant and equipment		Intangible assets	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
PRC	2,894,956	1,672,136	71,092	58,800
Hong Kong	25,827	28,365	93,884	94,098
Europe	145	150	–	–
North America	–	–	–	–
South America	–	–	–	–
Rest of Asia	–	–	–	–
Oceania	193	–	–	–
Others	–	–	–	–
	2,921,121	1,700,651	164,976	–
Eliminations	(1,263,715)	(406,387)	–	–
	1,657,406	1,294,264	164,976	152,898

Revenues of HK\$198,071,000 (2011: HK\$ Nil) are derived from a single external customer. These revenues are attributable to the solar products manufacturing and related business segment.

For the financial year ended 31 December 2012

37. Fair Value Estimation

The following table presents the Group's assets and liabilities that are measured at fair value and classified by level of the following fair value measurement hierarchy at 31 December 2012:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
2012				
Liabilities				
Derivative financial instruments (Note 33)	–	(1,991)	–	–
2011				
Assets				
Derivative financial instruments (Note 33)	–	17	–	17

38. New or Revised Accounting Standards and FRS Interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 January 2014.

- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Group has yet to assess the full impact of FRS 111 and intends to adopt the standard from 1 January 2014.

38. New or Revised Accounting Standards and FRS Interpretations (continued)

- FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 January 2014.

- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group has yet to assess the full impact of FRS 113 and intends to adopt the standard from 1 January 2013.

39. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Anwell Technologies Limited on 20 March 2013.

Shareholdings Statistics

As at 15 March 2013

Share Capital

Issued and fully paid	:	SGD182,894,536.18
Number of shares	:	311,647,250
Class of shares	:	Ordinary Share
Voting rights	:	On show of hands – 1 vote for each member On a poll – 1 vote for each share

Treasury Shares

Number of treasury shares	:	300,000
% of treasury shares held against total number of issued shares (excluding treasury shares)	:	0.096

Distribution of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1–999	441	18.57	113,711	0.04
1,000–10,000	1,152	48.51	4,925,407	1.58
10,001–1,000,000	767	32.29	37,338,974	11.98
1,000,001 and above	15	0.63	269,269,158	86.40
	2,375	100.00	311,647,250	100.00

Shareholdings Statistics

As at 15 March 2013

Shareholding Held by the Public

Based on the information available to the Company as at 15 March 2013, approximately 47.4% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Top twenty shareholders

No.	Name	Number of Shares	%
1	TECH POWER RESOURCES CO., LTD.	140,717,266	45.15
2	HSBC (SINGAPORE) NOMINEES PTE LTD	33,092,960	10.62
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	29,557,018	9.48
4	SHINING MISSION LTD.	15,000,000	4.81
5	RAFFLES NOMINEES (PTE) LTD	13,979,650	4.49
6	UOB KAY HIAN PTE LTD	11,322,700	3.63
7	STONE ROBERT ALEXANDER	8,900,000	2.86
8	CITIBANK NOMINEES SINGAPORE PTE LTD	3,163,800	1.02
9	EAGLE CAPITAL VI LIMITED	3,073,000	0.99
10	OCBC SECURITIES PRIVATE LTD	2,211,700	0.71
11	DBS NOMINEES PTE LTD	2,046,220	0.66
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,854,500	0.60
13	PHILLIP SECURITIES PTE LTD	1,776,344	0.57
14	SUHARTI LIBRA	1,524,000	0.49
15	ISHAKBHAI EBRAHIM MOHAMEDALI TAIBJI	1,050,000	0.34
16	NG CHEOW BOO	845,000	0.27
17	JEN SHEK CHUEN	800,000	0.26
18	YAU PUN	800,000	0.26
19	BALDEV SINGH S/O SOHAN SINGH	700,000	0.22
20	DAVID REGINALD KIRKWOOD	520,000	0.17
		272,934,158	87.60

Substantial shareholders

No.	Name of Shareholders	Direct Interest		Indirect/ Deemed Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	Tech Power Resources Co., Ltd.	140,717,266	45.20	22,800,000	7.32
2	Fan Kai Leung	144,000	0.05	163,517,266	52.52

Note:

- Mr Fan Kai Leung has a deemed interest in all the 163,517,266 shares held by Tech Power Resources Co., Ltd. in the Company by virtue of his interest of 60.3% in Tech Power Resources Co., Ltd.

Appendix

This Appendix is circulated to Shareholders of ANWELL TECHNOLOGIES LIMITED (the "Company") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the Share Buy-Back Mandate to be tabled at the Annual General Meeting to be held on 24 April 2013 at 3.00 p.m. at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibilities for the correctness of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.



APPENDIX
IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

In this appendix ("**Appendix**"), the following definitions apply throughout unless otherwise stated:

"Act" or "Companies Act"	:	Companies Act (Chapter 50) of Singapore
"AGM"	:	The annual general meeting of the Company to be convened on 24 April 2013, notice of which is set out in the Annual Report despatched together with this Appendix
"Annual Report"	:	Annual report of the Company for the financial year ended 31 December 2012
"Average Closing Price"	:	The average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period
"Board"	:	The board of Directors of the Company as at the date of this Appendix
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer of the Company
"Company" or "Anwell"	:	Anwell Technologies Limited
"Directors"	:	The directors of the Company as at the date of this Appendix
"Group" or "Anwell Group"	:	The Company, its subsidiaries and associated companies
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Appendix, being 15 March 2013
"Listing Manual"	:	The new listing manual of the SGX-ST, including any amendments made thereto up to the date of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Notice of AGM"	:	The notice of the AGM as set out on page 134 of the Annual Report
"NTA"	:	Net Tangible Assets
"Securities Account"	:	A securities account maintained by the Depositor with CDP but does not include securities sub-account maintained with a Depository Agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

Appendix

“Share Buy-Back Mandate”	:	The share buy-back mandate pursuant to Chapter 8 of the Listing Manual permitting the Company to purchase its own Shares from Shareholders
“Shares”	:	Ordinary shares in the capital of the Company
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors into whose Securities Accounts are credited with Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“Tech Power”	:	Tech Power Resources Co., Ltd.
“Treasury Shares”	:	Issued Shares of the Company which was (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Act applies and has since purchase been continuously held by the Company
“S\$” or “\$” and “cents”	:	Singapore dollars and cents respectively
“HK\$” and “HK cents”	:	Hong Kong dollars and cents respectively
“%”	:	per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be reference to Singapore time unless otherwise stated.

ANWELL TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

Directors:

Mr Fan Kai Leung (*Executive Chairman and CEO*)

Mr Wu Wai Kin (*Executive Director*)

Mr Liu Huisen (*Executive Director*)

Professor Tan Cheng Han (*Independent Director*)

Ms Ng Ann Ling (*Independent Director*)

Mr Chan Kun Shuin (*Independent Director*)

Associate Professor Bao Naikeng (*Independent Director*)

Registered Office:

8 Wilkie Road #03-01

Wilkie Edge

Singapore 228095

Date: 4 April 2013

To: The Shareholders of Anwell Technologies Limited

Dear Sir/Mdm

Renewal of the Share Buy-Back Mandate

A. Introduction

We refer to the Notice of AGM of Anwell Technologies Limited dated 4 April 2013 accompanying the Annual Report convening the AGM which is to be held on 24 April 2013 and setting out the ordinary resolution 8 under the heading of Special Business set out in the Notice of AGM. The Board of Directors of the Company would like to provide Shareholders with information relating to the Share Buy-Back Mandate and to explain the rationale for the proposed renewal of the Share Buy-Back Mandate that is to be tabled at the AGM.

At the Extraordinary General Meeting of the Company held on 1 June 2006, approval of the Shareholders was obtained for *inter alia* for the Share Buy-Back Mandate to enable the Company to purchase its Shares from Shareholders. The rationale for the authority and limitations on, and the financial effects of, the said existing Share Buy-Back Mandate was set out in the Company's circular dated 9 May 2006.

At the Annual General Meetings of the Company held on 26 April 2007, 24 April 2008, 27 April 2009, 26 April 2010 and 26 April 2011, approval of the Shareholders was obtained for *inter alia* for the renewal of the Share Buy-Back Mandate to enable the Company to purchase its Shares from Shareholders.

At the Annual General Meeting of the Company held on 27 April 2012, the Shareholders had again renewed the Share Buy-Back Mandate.

The Share Buy-Back Mandate will expire on the date of the forthcoming AGM. Accordingly, the Company will be seeking the approval of its Shareholders for a renewal of the Share Buy-Back Mandate, without any changes, at the forthcoming AGM to take effect until the next Annual General Meeting of the Company. The Share Buy-Back Mandate, if renewed, will expire upon the date of the next Annual General Meeting of the Company. Particulars of the Share Buy-Back Mandate are set out in the Schedule to this Appendix.

The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this Appendix.

B. Directors' and substantial shareholders' interests

The interests of the Directors and substantial Shareholders of the Company in the issued share capital of the Company as at 31 December 2012 and as at 21 January 2013 respectively can be found on page 30 of the Company's Annual Report.

C. Recommendation

The Directors are of the opinion that the Share Buy-Back Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution 8 set out in the Notice of AGM at the forthcoming AGM.

D. Responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

Yours faithfully

For and on behalf of

The Board of Directors

ANWELL TECHNOLOGIES LIMITED

FAN KAI LEUNG

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Proposed Renewal of the Share Buy-Back Mandate

1. Introduction

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is a requirement that a company which wishes to purchase or acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the AGM for a general and unconditional mandate (the “**Share Buy-Back Mandate**”) to be given for the purchase or acquisition by the Company of its issued Shares.

If renewed by Shareholders at the AGM, the Directors of the Company will have the authority to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Buy-Back Mandate. The authority conferred by the Share Buy-Back Mandate will continue in force until the next Annual General Meeting of the Company whereupon it will lapse unless it is renewed at the Annual General Meeting. The authority may be revoked or varied in any general meeting of the Company held prior to the next Annual General Meeting.

2. Rationale for the share buy-back mandate

The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By obtaining a Share Buy-Back Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

The Share Buy-Back Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group’s financial needs in an expedient and cost-effective manner.

The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the Company’s Share price, off-set the effects of short-term speculation and bolster Shareholders’ confidence.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full limit as authorised.

3. Authority and limits of the share buy-back mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate, if approved at the AGM, are summarised below:

(a) Maximum number of shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the last Annual General Meeting of the Company held before the resolution authorising the Share Buy-Back Mandate is passed or as at the date on which the resolution authorising the Share Buy-Back Mandate is passed, whichever is the higher.

Purely for illustrative purposes, on the basis of 311,647,250 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, not more than 31,164,000 Shares (representing ten per cent (10%) of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the Share Buy-Back Mandate is approved up to the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the share purchases are carried out to the full extent mandated; or
- (iii) the time when the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders of the Company in general meeting.

The Share Buy-Back Mandate may be renewed at each Annual General Meeting or other general meeting of the Company.

(c) Manner of purchases or acquisitions of shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (i) on-market purchases ("**Market Purchases**"); and/or
- (ii) off-market purchases, otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, the Company will issue an offer document containing, *inter alia*, the following information to all Shareholders:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances; and
- (iii) the information required under Rule 883(2), (3), (4),(5) and (6) of the Listing Manual.

(d) Maximum purchase price

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed the maximum price ("**Maximum Price**") as set out below:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares,
- in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. Status of purchased or acquired shares

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Act and the Articles of Association of the Company, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act and the Articles of Association of the Company) will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

5. Treasury shares held by the company

- (a) The maximum number of Treasury Shares which may be held by the Company are as follows:
- (i) The Company if having only one class of Shares shall not hold Treasury Shares exceeding ten per cent (10%) of the total number of Shares of the Company at any time; or
 - (ii) The Company if having more than one class of Shares shall not hold Treasury Shares of that class exceeding ten per cent (10%) of the total number of Shares in that class at any time;
- and in the event that the Company holds in its Treasury Shares more than ten per cent (10%) of the total number of Shares in any class of its Shares, the Company shall cancel the excess within six (6) months or such further period as the Registrar may allow.
- (b) The Company shall not exercise any right in respect of the Treasury Shares, including:
- (i) the right to attend or vote at meetings; and
 - (ii) the right to receive dividend or any other distribution (in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up).
- (c) The Company may receive allotment of fully paid bonus Shares in respect of its Treasury Shares and its Treasury Shares may be sub-divided or consolidated, so long as such subdivision or consolidation is the same as the total value of the Treasury Share before the subdivision or consolidation as the case may be.
- (d) Where Shares are held as Treasury Shares, the Company may at any time:
- (i) sell the Treasury Shares (or any of them) for cash;
 - (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share option or award scheme;
 - (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the Treasury Shares (or any of them); or
 - (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, and the percentage of the number of Treasury Shares comprised in the usage against the total number of issued shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage.

6. Source of funds

The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits, so long as the Company is solvent (i.e. the Company is able to pay its debts in full at the time which the share buy-back is being conducted and the value of the Company's assets exceed its liabilities, including any contingent liability and will not after the proposed share buy-back become less than the value of its liabilities, including any contingent liability). The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such an extent that the working capital position of the Group would be materially adversely affected.

The Company intends to use internal sources of funds and/or external borrowings to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

7. Solvency test

Under the Act in force as at the Latest Practicable Date, we may not purchase Shares if we know that our Company is not solvent. For this purpose, a company is "solvent" if:

- (a) the company is able to pay its debts in full at the time of the payment for the purchase and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

8. Financial effects

Where the Company chooses to cancel any of the shares it repurchased, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

The consideration paid by the Company for the purchase or acquisition of Shares (including related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.

Based on the existing issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date, the purchase by the Company of ten per cent (10%) of its issued Shares will result in the purchase or acquisition of 31,164,000 Shares.

Assuming the Company purchases or acquires the 31,164,000 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:

- (a) in the case of Market Purchases of Shares, approximately S\$5,765,000 based on S\$0.185 for one Share (being the price equivalent to 5 per cent (5%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases of Shares, approximately S\$6,295,000 based on S\$0.202 for one Share (being the price equivalent to 15 per cent (15%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the financial year ended 31 December 2012, and assuming that:

- (a) the Share Buy-Back Mandate had been effective on 1 January 2012; and
- (b) the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended 31 December 2012 would have been as follows:

Market purchases

As at 31 December 2012	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	35,651	29,886	80,648	74,883
NTA (S\$'000)	9,871	4,105	80,648	74,883
Current Assets (S\$'000)	519,716	513,950	52,848	47,083
Current Liabilities (S\$'000)	516,136	516,136	68,065	68,065
Total Borrowings (S\$'000) ⁽¹⁾	646,764	646,764	65,292	65,292
Cash and Cash Equivalents (S\$'000)	272,523	266,757	798	798
Number of Shares ('000)	311,647	280,483	311,647	280,483
Financial Ratios				
NTA per Share (cents)	3.2	1.5	25.9	26.7
Loss per Share (cents)	(13.66)	(15.16)	N/A	N/A
Gearing (%) ⁽²⁾	1,049.74	1,271.54	N/A	N/A
Current Ratio (times) ⁽³⁾	1.0	1.0	0.8	0.7

Off-market purchases

As at 31 December 2012	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	35,561	29,356	80,648	74,353
NTA (S\$'000)	9,871	3,575	80,648	74,353
Current Assets (S\$'000)	519,716	513,420	52,848	46,553
Current Liabilities (S\$'000)	516,136	516,136	68,065	68,065
Total Borrowings (S\$'000) ⁽¹⁾	646,764	646,764	65,292	65,292
Cash and Cash Equivalents (S\$'000)	272,523	266,227	798	798
Number of Shares ('000)	311,647	280,483	311,647	280,483
Financial Ratios				
NTA per Share (SGD cents)	3.2	1.3	25.9	26.5
Loss per Share (SGD cents)	(13.66)	(15.16)	N/A	N/A
Gearing (%) ⁽²⁾	1,049.74	1,296.29	N/A	N/A
Current Ratio (times) ⁽³⁾	1.0	1.0	0.8	0.7

Notes:

- (1) Total borrowings comprise liabilities arising from borrowings from banks and other financial institutions and outstanding debt securities.
- (2) Gearing is computed based on the ratio of total borrowings after deducting cash and cash equivalents to shareholders' funds.
- (3) Current ratio is derived based on current assets divided by current liabilities.

For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended 31 December 2012 and is not necessarily representative of future financial performance.

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

9. Taxation

(a) Company's treatment

Under Section 10J of the Income Tax Act and the Interpretation & Practice Note No. 34 published on 31 December 1998 by the Inland Revenue Authority of Singapore, a Singapore company which buys back its own shares using its distributable profits will be regarded as having paid a dividend to the shareholders from whom the shares are acquired. As a company may only repurchase its own ordinary shares using distributable profits under the Companies Act, the Company will, in repurchasing its own Shares, be regarded as having paid a dividend to its Shareholders from whom the Shares are purchased. This is irrespective of whether the purchase of Shares is effected as an Off-Market Purchase or as a Market Purchase.

With effect from 1 January 2008, all dividends paid to its shareholders pursuant to the share buy-back will be exempt from tax in the hands of the shareholder under the one-tier corporate tax system.

(b) Shareholder's treatment

From a Shareholder's perspective, the tax treatment of the receipt from a share repurchase would depend on whether the sale is by way of a Market Purchase or an Off-Market Purchase. A sale by a Shareholder of his Shares through a normal ready market counter will be treated like any other sale made on the SGX-ST. Whether the proceeds from such a sale are taxable in the hands of the Shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

Proceeds received in an Off-Market Purchase effected by way of an equal access scheme will be treated as a receipt of a dividend in the hands of the Shareholder. Where the Shareholder is a trader in shares, no deduction of the cost of the Shares sold will be allowed, but the cost base will be apportioned among the remaining Shares.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in any doubt as to their respective tax positions or the tax implications of share purchases by the Company, or who may be subject to tax whether inside or outside of Singapore, should consult their own professional advisers.

10. Reporting requirements under the act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include the following:

- (a) the date of the purchase;
- (b) the number of Shares purchased;
- (c) the number of Shares cancelled;
- (d) the Company's issued Share held as Treasury Shares;
- (e) the Company's issued share capital before the purchase;

- (f) the Company's issued share capital after the purchase;
- (g) the amount of consideration paid by the Company for the purchase of the Shares; and
- (h) whether the Shares were purchased out of the profits or the capital of the Company.

11. Requirements in the listing manual

- (a) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:
 - (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was effected, and
 - (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

- (b) The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate in the following circumstances and at all times in compliance with Rule 1207(19) of the Listing Manual:
 - (i) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
 - (ii) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's half-year or full-year results, as the case may be, and (if applicable) the period of two weeks before the announcement of the Company's other interim results, as the case may be.

- (c) The Listing Manual requires a company to ensure that at least ten per cent (10%) of equity securities (excluding preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are approximately 148,000,000 Shares in the hands of the public, representing approximately 47.4% of the issued Shares. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases and acquisitions of its Shares up to the full ten per cent (10%) limit pursuant to the proposed Share Buy-Back Mandate, without adversely affecting the listing status of its Shares on the SGX-ST.

12. Certain take-over code implications

(a) **Obligation to make a take-over offer**

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

(b) **Persons acting in concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company.

(c) **Effect of Rule 14 and appendix 2**

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent (30%) or more, or, if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent (30%) or more, or, if such Shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed Share Buy-Back Mandate.

Tech Power, which holds approximately 52.52% of the entire issued and paid up Shares in the Company is currently held by our Directors Messrs Fan Kai Leung (60.3%), Wu Wai Kin (2.9%) and Liu Huisen (14.6%), Jetco Media Group Limited (1.9%) and Energy World Group Limited (2.9%) which both are currently held by our Directors Messrs Fan Kai Leung (33.34%), Wu Wai Kin (33.33%) and Liu Huisen (33.33%). In addition, our Directors and substantial Shareholders, Fan Kai Leung and Professor Tan Cheng Han hold direct and deemed interests in the Company amounting to approximately 52.57% and 0.003% respectively. As such, the Share Buy-Back Mandate even if fully utilised would not trigger the provisions of the Take-over Code requiring Tech Power or any of our Directors or substantial Shareholders or parties acting in concert with them to incur an obligation to make a take-over offer under Rule 14 of the Take-over Code.

(d) Directors' and substantial shareholders' interests

Based on the Register of Directors' shareholdings and the Register of substantial Shareholders' shareholdings as at the Latest Practicable Date, the shareholdings of the Directors and of the Substantial Shareholders in the Company before and after the purchase of Shares pursuant to the proposed Share Buy-Back Mandate, assuming (i) the Company purchases the maximum amount of ten per cent (10%) of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and substantial Shareholders or which they are deemed to be interested in, will be as follows:

	As at Latest Practicable Date			Total Number of Share options held
	Before Share Buy-Back	After Share Buy-Back		
	Total Number of Shares in which interested	% of Issued Shares ⁽¹⁾	% of Issued Shares ⁽²⁾	
Directors				
Fan Kai Leung	163,661,266	52.57	58.41	–
Wu Wai Kin	–	–	–	–
Liu Huisen	–	–	–	–
Chan Kun Shuin	–	–	–	–
Ng Ann Ling	–	–	–	–
Professor Tan Cheng Han	10,000	0.003	0.004	–
Associate Professor Bao Naikeng	60,000	0.019	0.021	–
Substantial Shareholders				
Tech Power Resources Co. Ltd	163,517,266	52.52	58.36	–
Fan Kai Leung	163,661,266	52.57	58.41	–

Notes:

- (1) Based on an issued share capital of 311,347,250 Shares, excluding Treasury Shares as at the Latest Practicable Date.
- (2) Based on an issued share capital of 280,183,250, excluding Treasury Shares as at the Latest Practicable Date.

The Directors are not aware of any fact(s) or factor(s) which suggest or imply that any Director and/or substantial Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensure as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Share by the Company.

13. No share buy-backs in the previous 12 months

The Company has not made any Share Buy-Backs in the 12 months preceding the Latest Practicable date.

14. Recommendation

The Directors are of the opinion that the proposed Share Buy-Back Mandate for the buy-back by the Company of its Shares is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of the ordinary resolution 8 relating to the Share Buy-Back Mandate set out on page 134 of Notice of AGM.

15. Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

16. Documents for inspections

The following documents are available for inspection at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 during normal business hours from the date of this Appendix up to and including the date of the 2013 AGM:

- (a) the annual report of the Company for the financial year ended 31 December 2012; and
- (b) the Memorandum and Articles of Association of the Company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **2013 Annual General Meeting** of the shareholders of the Company will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Wednesday, 24 April 2013 at 3.00 p.m. to transact the following businesses:

Ordinary Business

1. To receive and consider the Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Directors' Report and the Auditor's Report thereon. **Resolution 1**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:–
 - (a) Professor Tan Cheng Han [Article 107] **Resolution 2**
 - (b) Mr Wu Wai Kin [Article 107] **Resolution 3**

Professor Tan Cheng Han shall, upon re-election as Director of the Company, remain as a Chairman of the Remuneration Committee and as a member of the Audit Committee and shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To re-elect Associate Professor Bao Naikeng, the Director retiring in accordance with Section 153 of the Companies Act, Cap. 50. **Resolution 4**

Associate Professor Bao Naikeng shall, upon re-election as Director of the Company, remain as a member of the Audit Committee and the Remuneration Committee and shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the Directors' fees of SGD 240,000 for the year ended 31 December 2012. **Resolution 5**

5. To re-appoint PricewaterhouseCoopers LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

Special Business

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

6. Authority to Allot and Issue Shares

Resolution 7

That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is earlier.

[See Explanatory Note (i)]

7. **Proposed Share Buy-back Mandate**

Resolution 8

That for purposes of Sections 76C and 76E of the Companies Act, Chapter 50,

- (a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary Shares fully paid in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
 - (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on a securities exchange, on such terms and conditions which are not inconsistent with the Share Purchase Mandate, the SGX-ST Listing Manual, the Companies Act and other applicable laws and regulations, that are in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, Chapter 50.

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-back Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate in paragraph (a) of this resolution, which may be renewed at each Annual General Meeting or other general meeting of the Company, may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:
 - (i) the date on which the next Annual General Meeting of the Company is held;

- (ii) the date by which the next Annual General Meeting of the Company is required by law or by the articles of association of the Company to be held;
 - (iii) the date on which the share purchases are carried out to the full extent mandated; or
 - (iv) the time when the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders of the Company in general meeting;
- (c) in this resolution:

"Prescribed Limit" means ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the last Annual General Meeting of the Company held before the passing of this resolution or as at the date of the passing of this resolution, whichever is the higher; and

"Maximum Price" in relation to a Share to be purchased means an amount (excluding ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) that will be determined by the Directors and is not exceeding:

- (i) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 115 per cent (115%) of the Average Closing Price;

in each case, excluding related expenses of the purchase or acquisition.

where:

"Average Closing Price" is the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"market day" means a day on which the SGX-ST is open for trading in securities; and

- (d) the Directors of the Company or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he/she may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (ii)]

- 8. And to transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

- (i) The Ordinary Resolution proposed in **Resolution 7** above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which 20% may be issued other than on a pro rata basis to shareholders.
- (ii) The proposed **Resolution 8** above, if passed, will empower the Directors of the Company to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Buy-back Mandate. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

BY ORDER OF THE BOARD

Yap Peck Khim

Company Secretary

4 April 2013

Notes:

- (a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the meeting.
- (c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- (d) In the case of joint shareholders, all holders must sign the form of proxy.

Anwell Technologies Limited

(Co. Reg. No. 200308707W)

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

of _____

being a member(s) of Anwell Technologies Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the **2013 Annual General Meeting** of the Company to be held on Wednesday, 24 April 2013 at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions Relating to:	For	Against
1	Audited Financial Statements for the year ended 31 December 2012 together with the reports of Directors and Auditors		
2	Re-election of Prof Tan Cheng Han as Director		
3	Re-election of Mr Wu Wai Kin as Director		
4	Re-election of Associate Professor Bao Naikeng as Director		
5	Approval of Directors' fees for the year ended 31 December 2012		
6	Re-appointment of PricewaterhouseCoopers LLP as Auditors		
7	Authority to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited		
8	Approval of the proposed share buy-back mandate		

Signed this _____ day of _____ 2013

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder



NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not later than 48 hours before the time set for the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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