30. Held-for-Trading Investments

The Group's and the Company's held-for-trading investments at December 31, 2012 and 2011 are carried at fair value using the market bid prices on the closing date method.

Held for trading investments include:

	The Group		The Company	
	2012	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000
Equity securities:				
– Listed in US	**5,980**	8,288	**5,980**	8,288

The Group and the Company hold approximately 20 per cent of the voting power in the equity securities of a company listed in the US but it has no significant influence over the investee. In making their assessment, the directors considered the definition of significant influence in HKAS 28 Investment in Associates and, in particular, whether the Group has the power to participate in the financial and operating policy decisions of the investee. Considering that the Group has no representative on the investee's board of directors and no right to appoint or remove a director to the board of directors, no exchange of management personnel with the investee nor any participation in the investee's policy-making process, the directors of the Company concluded that the Group and the Company have no significant influence over the investee.

31. Bank Balances, Deposits and Cash/Bank Overdrafts

Bank balances carry interest at market rates which range from 0.10% to 0.27% (2011: 0.07% to 0.18%). Bank overdrafts carry interest at market rates which range from 3.25% to 5.00% (2011: 3.25% to 5.00%).

32. Trade and other Payables

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000
0 to 60 days	**309,719**	259,435	**—**	—
61 to 120 days	**80,517**	93,376	**—**	—
121 days or above	**1,557**	7,048	**5**	1,027
Total trade payables	**391,793**	359,859	**5**	1,027
Other payables	**318,698**	259,004	**20,961**	13,874
	710,491	618,863	**20,966**	14,901

The credit period on the purchase of goods ranges from 30 days to 120 days (2011: 30 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

33. Bills Payable

All the Group's bills payable at December 31, 2012 and 2011 are due within 120 days.

34. Warranty Provision

	The Group	The Company
	2012	**2012**
	USD'000	**USD'000**
At January 1, 2012	**44,748**	**245**
Currency realignment	**356**	**—**
Additional provision in the year	**87,872**	**—**
Utilisation of provision	**(90,581)**	**(245)**
At December 31, 2012	**42,395**	**—**

The warranty provision represents management's best estimate of the Group's outstanding liabilities on products sold, based on prior experience and industry averages for defective products. It is expected that the majority of this expenditure will be incurred in the next financial year.

35. Trade Payable to an Associate

The trade payable to an associate was aged of less than 120 days and was payable within one year.

36. Restructuring Provision

	2012
	USD'000
At January 1, 2012	**3,743**
Currency realignment	**(14)**
Utilisation of provision	**(3,202)**
At December 31, 2012	**527**

The provision relates to the restructuring of the Group's manufacturing facilities in Germany. The balance of the provision is expected to be utilised in 2013 and there are no significant uncertainties regarding the amounts or timing of these cash flows.

The management of the Group expects that after the completion of the restructuring plan, there will be substantial savings in the future.

37. Obligations under Finance Leases

It is the Group's policy to lease certain of its plant and machinery, fixtures and equipment and motor vehicles under finance leases, with lease terms ranging from 3 years to 20 years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates ranging from 6.7% to 22.4% (December 31, 2011: 6.7% to 22.4%). No arrangements have been entered into for contingent rental payments.

The maturity of obligations under finance leases is as follows:

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000
Amounts payable under finance leases:				
Within one year	**1,518**	2,169	**1,154**	1,730
In more than one year but not more than two years	**1,301**	1,360	**1,028**	1,032
In more than two years but not more than three years	**1,199**	1,143	**1,007**	890
In more than three years but not more than four years	**785**	1,072	**663**	890
In more than four years but not more than five years	**298**	689	**202**	570
More than five years	**1,397**	1,695	**1,171**	1,373
	6,498	8,128	**5,225**	6,485
Less: future finance charges	**(1,273)**	(1,643)	**—**	—
Present value of lease obligations	**5,225**	6,485	**5,225**	6,485
Less: Amount due within one year shown under current liabilities			**(1,154)**	(1,730)
Amount due after one year			**4,071**	4,755

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

38. Discounted Bills with Recourse

Bills discounted with banks at an effective interest rate of 1.79% per annum (2011: 1.72% per annum) have maturity profiles of less than 120 days.

39. Capital Risk Management

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

The capital structure of the Group consists of net debt (which includes borrowings, discounted bills with recourse, convertible bonds and obligations under finance leases), net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

Gearing ratio

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not exceeding 35% determined as the proportion of net debt to equity. The Group will continue to execute very disciplined control and management of its working capital and generate free cash inflows through the growth of the business.

The gearing ratio at the year end was as follows:

	2012 **USD'000**	2011 USD'000
Debt (i)	**1,017,527**	1,198,457
Bank balances, deposits and cash	**(617,648)**	(459,650)
Net debt	**399,879**	738,807
Equity (ii)	**1,548,877**	1,245,576
Net debt to equity ratio	**25.82%**	59.31%

(i) Debt comprises bank overdrafts, obligations under finance leases, discounted bills with recourse, unsecured borrowings and convertible bonds but excludes bank advance from factored trade receivables as detailed in Notes 25, 31, 37, 38, 41 and 42 respectively.

(ii) Equity includes all capital and reserves attributable to the owners of the Company.

In addition, based on management recommendations, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchases as well as the issue of new debt or the redemption of existing debt.

40. Financial Instruments

40.1 Categories of financial instruments

	2012 USD'000	2011 USD'000
The Group		
Financial assets		
Fair value through profit or loss		
Held-for-trading investments	**5,980**	8,288
Derivative financial instruments – under hedge accounting		
Foreign currency forward contracts	**49**	—
Derivative financial instruments – not under hedge accounting		
Foreign currency forward contracts	**5,657**	8,645
Warrants	**—**	222
	5,706	8,867
Available-for-sale investments	**1,270**	1,269
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	**688,923**	673,457
Bills receivable	**48,644**	35,760
Trade receivables from associates	**46**	205
Bank balances, deposits and cash	**617,648**	459,650
	1,355,261	1,169,072
Financial liabilities		
Derivative financial instruments – under hedge accounting		
Foreign currency forward contracts	**1,303**	—
Derivative financial instruments – not under hedge accounting		
Foreign currency forward contracts	**5,727**	4,234
Interest rate swap	**4,667**	4,768
	11,697	9,002
Other financial liabilities		
Trade and other payables	**710,491**	618,863
Bills payable	**39,222**	42,991
Trade payable to an associate	**—**	4,037
Obligations under finance leases	**5,225**	6,485
Discounted bills with recourse	**432,633**	518,897
Unsecured borrowings	**647,582**	590,902
Bank overdrafts	**7,087**	19,972
Convertible bonds	**—**	134,001
	1,842,240	1,936,148

40. Financial Instruments *(continued)*

40.1 Categories of financial instruments *(continued)*

	2012 USD'000	2011 USD'000
The Company		
Financial assets		
Fair value through profit or loss		
Held-for-trading investments	**5,980**	8,288
Derivative financial instruments – under hedge accounting		
Foreign currency forward contracts	**49**	—
Derivative financial instruments – not under hedge accounting		
Foreign currency forward contracts	**—**	2,776
Warrants	**—**	222
	49	2,998
Available-for-sale investments	**218**	218
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	**8,005**	11,364
Bank balances, deposits and cash	**44,978**	27,032
Loans to/Amounts due from subsidiaries	**1,507,897**	1,350,204
	1,560,880	1,388,600
Financial liabilities		
Derivative financial instruments – under hedge accounting		
Foreign currency forward contracts	**1,303**	—
Derivative financial instruments – not under hedge accounting		
Foreign currency forward contracts	**—**	2,837
Interest rate swap	**4,667**	4,768
	5,970	7,605
Other financial liabilities		
Trade and other payables	**20,966**	14,901
Amounts due to subsidiaries	**513,587**	338,475
Unsecured borrowings	**371,772**	343,887
Convertible bonds	**—**	134,001
	906,325	831,264

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies

The Group's corporate treasury function provides risk management advice to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments or natural hedges to mitigate these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.

40.2.1 Foreign Currency Risk Management

Subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 24.5% (2011: 24.5%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 38.2% (2011: 38.5%) of purchase are denominated in the group entity's respective functional currency.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2012 USD'000	2011 USD'000	**2012 USD'000**	2011 USD'000
The Group				
Foreign Currency				
EURO	**31,263**	58,877	**150,462**	139,085

	Liabilities		Assets	
	2012 USD'000	2011 USD'000	**2012 USD'000**	2011 USD'000
The Company				
Foreign Currency				
EURO	**2,485**	1,251	**344,295**	323,397

Note: For group entities with their functional currency as the United States dollar, monetary assets and monetary liabilities denominated in Hong Kong dollars have no material foreign currency risk exposure as the Hong Kong dollar is pegged with the United States dollar.

The Group requires its group entities to use foreign exchange forward contracts to reduce the currency exposures. The foreign exchange forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into such forward contracts in relation to the foreign currency denominated monetary liabilities amounting to USD108,826,000 (2011: Nil). It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness (see Note 29 for details).

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.1 Foreign Currency Risk Management *(continued)*

Sensitivity analysis

The Group and the Company are mainly exposed to the effects of fluctuation in the EURO.

The following table details the Group's sensitivity to a 5% increase and decrease in the United States dollar against the EURO without considering the foreign currency forward contracts entered at the end of the reporting period. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and excludes the effect of any foreign currency forward contracts held at year end. A positive number below indicates an increase in pre-tax profit for the year where the United States dollar weakens 5% against the EURO.

	The Group		The Company	
	2012	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000
Impact of EURO				
Profit for the year (i)	**5,960**	4,010	**17,091**	16,017

(i) This is mainly attributable to the exposure outstanding on receivables and payables denominated in EURO at the year end.

40.2.2 Interest Rate Risk Management

The Group's and the Company's cash flow interest rate risk relates primarily to variable-rate borrowing (see Note 41 for details of these borrowings), discounted bills with recourse, bank overdrafts and bank balances, deposits and cash. In relation to these floating-rate borrowings, the Group aims at keeping certain borrowings at fixed rates. In order to achieve this result, the Group may enter into interest rate swap contracts to hedge against part of its exposure to potential variability of cash flows arising from changes in floating rates (see Note 29 for details). The management continuously monitors interest rate fluctuations and will consider further hedging interest rate risk should the need arise.

The Group's and the Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of London Interbank Offered Rate ("LIBOR") arising from the Group's and the Company's Hong Kong dollar denominated borrowings. In relation to interest bearing bank balances and deposits, the Group considers the interest rate risk is insignificance.

The Group's fair value interest rate risk related primarily to its fixed-rate bank borrowings (see Note 41 for details of these borrowings). The Company's fair value interest rate risk related primarily to its loan to subsidiaries (see Note 21).

During the year, the Group obtained new bank borrowings in the amount of USD793 million (2011: USD352 million) which are either LIBOR or Hong Kong best lending rates based. The proceeds were used for refinancing of the Group's borrowings including the repayment of fixed interest rate notes of USD30,000,000 and other borrowings.

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.2 Interest Rate Risk Management *(continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year without considering the interest rate swaps entered at the end of the reporting period. A 50 basis point increase or decrease in LIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2012 would decrease/increase by USD4,765,000 (2011: decrease/increase by USD4,831,000). The Company's profit for the year ended December 31, 2012 would decrease/increase by USD1,859,000 (2011: decrease/increase by USD1,719,000). This is mainly attributable to the Group's and the Company's exposure to interest rates on its variable-rate borrowings.

The Group's and the Company's sensitivity to interest rates has decreased and increased during the current period mainly due to the decrease and increase in variable rate debt instruments respectively.

40.2.3 Other Price Risk

The Group and the Company are exposed to price risk through its held-for-trading investments and derivative financial instruments.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risks of equity investments held-for-trading measured at fair value at the reporting date.

If the prices of the respective equity instruments had been 10% higher/lower the post-tax profit for the year ended December 31, 2012 of the Group and the Company would increase/decrease by USD598,000 (2011: USD829,000) and USD598,000 (2011: USD829,000) as a result of the changes in fair value of held-for-trading investments.

No sensitivity analysis has been disclosed for exposure to the price risk for the warrants held by the Group and the Company as this would not have a material impact on post-tax profit for the year ended December 31, 2012 of the Group and the Company.

40.2.4 Credit Risk Management

As at December 31, 2012, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the statements of financial position; and
- the amount of contingent liabilities in relation to financial guarantees issued by the Group and the Company as disclosed in Note 49.

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.4 Credit risk Management *(continued)*

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual trade debt and debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

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

The Group's concentration of credit risk by geographical locations is mainly in North America, where 65.7% (2011: 66.7%) of the total trade receivables as at December 31, 2012 are located.

The Group has concentration of credit risk at 23.7% (2011: 25.9%) and 36.8% (2011: 41.3%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

40.2.5 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at December 31, 2012, the Group has available unutilised overdrafts and short and medium term bank loan facilities of approximately USD65 million (2011: USD73 million) and USD1,290 million (2011: USD1,161 million) respectively.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities as well as non-derivative financial assets which are included in the maturity analysis. For non-derivative financial assets, the tables have been drawn up based on the contractual maturities of the undiscounted cash flow of the financial assets unless specified separately. For non-derivative financial liabilities, the tables reflect the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that the interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the foreign currency exchange rates prevailing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2012 USD'000
The Group								
2012								
Non-derivative financial assets								
Held-for-trading investments (Note)	—	5,980	—	—	—	—	5,980	5,980
Available-for-sale investments (Note)	—	1,270	—	—	—	—	1,270	1,270
Trade and other receivables	—	322,801	315,498	50,624	—	—	688,923	688,923
Bills receivable	—	35,369	12,883	392	—	—	48,644	48,644
Trade receivables from associates	—	18	14	14	—	—	46	46
Bank balances, deposits and cash	0.10% - 0.27%	525,119	92,548	—	—	—	617,667	617,648
		890,557	420,943	51,030	—	—	1,362,530	1,362,511
Non-derivative financial liabilities								
Trade and other payables	—	(473,782)	(204,800)	(31,909)	—	—	(710,491)	(710,491)
Bills payable	—	(9,580)	(29,508)	(134)	—	—	(39,222)	(39,222)
Obligations under finance leases	6.70% - 22.40%	(127)	(253)	(1,138)	(1,301)	(3,679)	(6,498)	(5,225)
Discounted bills with recourse	1.79%	(160,018)	(162,816)	(111,598)	—	—	(434,432)	(432,633)
Variable rate borrowings	1.01% - 4.36%	(98,321)	(110,793)	(48,294)	(162,150)	(104,738)	(524,296)	(513,375)
Fixed rate borrowings	6.70% - 7.44%	—	(3,562)	(44,256)	(7,124)	(99,312)	(154,254)	(134,207)
Bank overdrafts	3.25% - 5.00%	(7,087)	—	—	—	—	(7,087)	(7,087)
Financial guarantee contracts	—	(7,114)	(2)	—	(5,575)	—	(12,691)	—
		(756,029)	(511,734)	(237,329)	(176,150)	(207,729)	(1,888,971)	(1,842,240)

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2012 USD'000
The Group								
2012								
Derivatives - net settlement								
Interest rate swap	0.76% - 2.63%	–	(491)	(1,462)	(1,334)	(1,745)	(5,032)	(4,667)
Foreign currency forward contracts								
– RMB	–	(303)	(531)	(2,986)	–	–	(3,820)	(3,820)
– AUD	–	–	39	–	–	–	39	39
– NZD	–	–	(10)	–	–	–	(10)	(10)
		(303)	(993)	(4,448)	(1,334)	(1,745)	(8,823)	(8,458)
Derivatives - gross settlement								
Foreign currency forward contracts								
– inflow								
– EUR	–	2,312	14,621	25,841	–	–	42,774	42,774
– RMB	–	17,417	34,753	142,449	–	–	194,619	194,619
– GBP	–	7,750	11,500	52,750	–	–	72,000	72,000
– USD	–	–	29,088	78,483	–	–	107,571	107,571
		27,479	89,962	299,523	–	–	416,964	416,964
– outflow								
– EUR	–	(2,355)	(15,222)	(26,309)	–	–	(43,886)	(43,886)
– RMB	–	(17,000)	(34,000)	(138,000)	–	–	(189,000)	(189,000)
– GBP	–	(7,834)	(11,804)	(53,148)	–	–	(72,786)	(72,786)
– USD	–	–	(29,680)	(79,145)	–	–	(108,825)	(108,825)
		(27,189)	(90,706)	(296,602)	–	–	(414,497)	(414,497)
		290	(744)	2,921	–	–	2,467	2,467

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2011 USD'000
The Group								
2011								
Non-derivative financial assets								
Held-for-trading investments (Note)	—	8,288	—	—	—	—	8,288	8,288
Available-for-sale investments (Note)	—	1,269	—	—	—	—	1,269	1,269
Trade and other receivables	—	542,351	53,166	77,940	—	—	673,457	673,457
Bills receivable	—	14,892	5,423	15,445	—	—	35,760	35,760
Trade receivables from associates	—	190	—	15	—	—	205	205
Bank balances, deposits and cash	0.07% - 0.18%	453,087	6,568	—	—	—	459,655	459,650
		1,020,077	65,157	93,400	—	—	1,178,634	1,178,629
Non-derivative financial liabilities								
Trade and other payables	—	(438,766)	(155,638)	(24,459)	—	—	(618,863)	(618,863)
Bills payable	—	(4,308)	(26,358)	(12,325)	—	—	(42,991)	(42,991)
Trade payable to an associate	—	(380)	(3,263)	(394)	—	—	(4,037)	(4,037)
Obligations under finance leases	6.70% - 22.40%	(180)	(362)	(1,627)	(1,360)	(4,599)	(8,128)	(6,485)
Discounted bills with recourse	1.72%	(238,939)	(267,007)	(13,871)	—	—	(519,817)	(518,897)
Variable rate borrowings	1.03% - 3.80%	(32,180)	(1,822)	(30,465)	(143,323)	(234,186)	(441,976)	(427,315)
Fixed rate borrowings	6.70% - 7.44%	—	(31,076)	(9,769)	(47,824)	(106,443)	(195,112)	(163,587)
Bank overdrafts	3.25% - 5.00%	(19,972)	—	—	—	—	(19,972)	(19,972)
Financial guarantee contracts	—	(2,029)	(285)	(8,544)	—	—	(10,858)	—
Convertible bonds	15.57%	—	—	(156,375)	—	—	(156,375)	(134,001)
		(736,754)	(485,811)	(257,829)	(192,507)	(345,228)	(2,018,129)	(1,936,148)

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2011 USD'000
The Group								
2011								
Derivatives - net settlement								
Interest rate swap	0.76% - 2.63%	—	(413)	(1,263)	(1,592)	(2,102)	(5,370)	(4,768)
Foreign currency forward contracts								
– RMB	—	(2,086)	(729)	20	36	—	(2,759)	(2,759)
– AUD	—	—	(293)	—	—	—	(293)	(293)
– NZD	—	—	3	—	—	—	3	3
		(2,086)	(1,432)	(1,243)	(1,556)	(2,102)	(8,419)	(7,817)
Derivatives - gross settlement								
Foreign currency forward contracts								
– inflow								
– RMB	—	25,773	46,863	143,030	—	—	215,666	215,666
– GBP	—	17,000	20,500	19,000	—	—	56,500	56,500
– USD	—	—	4,248	17,134	—	—	21,382	21,382
		42,773	71,611	179,164	—	—	293,548	293,548
– outflow								
– RMB	—	(24,978)	(45,960)	(141,875)	—	—	(212,813)	(212,813)
– GBP	—	(16,062)	(19,414)	(18,408)	—	—	(53,884)	(53,884)
– USD	—	—	(3,878)	(15,513)	—	—	(19,391)	(19,391)
		(41,040)	(69,252)	(175,796)	—	—	(286,088)	(286,088)
		1,733	2,359	3,368	—	—	7,460	7,460

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2012 USD'000
The Company								
2012								
Non-derivative financial assets								
Held-for-trading investments (Note)	—	5,980	—	—	—	—	5,980	5,980
Available-for-sale investments (Note)	—	218	—	—	—	—	218	218
Trade and other receivables	—	100	350	7,555	—	—	8,005	8,005
Bank balances, deposits and cash	0.10% - 0.27%	44,978	—	—	—	—	44,978	44,978
Loan to/Amounts due from subsidiaries (Note)	5.28% - 10.15%	4,115	8,231	998,513	49,383	1,340,310	2,400,552	1,507,897
		55,391	8,581	1,006,068	49,383	1,340,310	2,459,733	1,567,078
Non-derivative financial liabilities								
Trade and other payables	—	(2,308)	(3,644)	(15,014)	—	—	(20,966)	(20,966)
Amounts due to subsidiaries	—	—	—	(513,587)	—	—	(513,587)	(513,587)
Unsecured borrowings	1.81% - 2.76%	—	(73,078)	(45,911)	(157,876)	(103,943)	(380,808)	(371,772)
Financial guarantee contracts	—	(293,741)	(229,079)	(149,680)	—	(94,943)	(767,443)	—
		(296,049)	(305,801)	(724,192)	(157,876)	(198,886)	(1,682,804)	(906,325)
Derivatives - net settlement								
Interest rate swap	0.76% - 2.63%	—	(491)	(1,462)	(1,334)	(1,745)	(5,032)	(4,667)
		—	(491)	(1,462)	(1,334)	(1,745)	(5,032)	(4,667)

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2012 USD'000
The Company								
2012								
Derivatives - gross settlement								
Foreign currency forward contracts								
– inflow								
– USD	–	–	29,088	78,483	–	–	107,571	107,571
		–	29,088	78,483	–	–	107,571	107,571
– outflow								
– USD	–	–	(29,680)	(79,145)	–	–	(108,825)	(108,825)
		–	(29,680)	(79,145)	–	–	(108,825)	(108,825)
		–	(592)	(662)	–	–	(1,254)	(1,254)

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2011 USD'000
The Company								
2011								
Non-derivative financial assets								
Held-for-trading investments (Note)	—	8,288	—	—	—	—	8,288	8,288
Available-for-sale investments (Note)	—	218	—	—	—	—	218	218
Trade and other receivables	—	11,245	119	—	—	—	11,364	11,364
Bank balances, deposits and cash	0.07% - 0.18%	27,032	—	—	—	—	27,032	27,032
Loan to/Amounts due from subsidiaries (note)	5.28% - 10.15%	807,658	12	33,714	47,835	911,302	1,800,521	1,350,204
		854,441	131	33,714	47,835	911,302	1,847,423	1,397,106
Non-derivative financial liabilities								
Trade and other payables	—	(6,144)	(8,757)	—	—	—	(14,901)	(14,901)
Amounts due to subsidiaries	—	—	—	(338,475)	—	—	(338,475)	(338,475)
Unsecured borrowings	1.79% - 2.50%	—	—	(56,400)	(99,607)	(198,951)	(354,958)	(343,887)
Financial guarantee contracts	—	(274,741)	(294,723)	(34,714)	(71,354)	(164,201)	(839,733)	—
Convertible bonds	15.57%	—	—	(156,375)	—	—	(156,375)	(134,001)
		(280,885)	(303,480)	(585,964)	(170,961)	(363,152)	(1,704,442)	(831,264)
Derivatives - net settlement								
Interest rate swap	0.76% - 2.63%	—	(413)	(1,263)	(1,592)	(2,102)	(5,370)	(4,768)
Foreign currency forward contracts – RMB	—	(2,087)	(477)	475	36	—	(2,053)	(2,053)
		(2,087)	(890)	(788)	(1,556)	(2,102)	(7,423)	(6,821)

40. Financial Instruments *(continued)*

40.2 Financial Risk Management Objectives and Policies *(continued)*

40.2.5 Liquidity Risk Management *(continued)*

Liquidity tables *(continued)*

	Weighted average effective interest rate %	Less than 1 month/ on demand USD'000	1-3 months USD'000	4 months- 1 year USD'000	1-2 years USD'000	2+ years USD'000	Total undiscounted cash flows USD'000	Total carrying amount at December 31, 2011 USD'000
The Company								
2011								
Derivatives - gross settlement								
Foreign currency forward contracts								
– inflow								
– USD	—	—	4,249	17,134	—	—	21,383	21,383
		—	4,249	17,134	—	—	21,383	21,383
– outflow								
– USD	—	—	(3,878)	(15,513)	—	—	(19,391)	(19,391)
		—	(3,878)	(15,513)	—	—	(19,391)	(19,391)
		—	371	1,621	—	—	1,992	1,992

Note: Maturities are based on the management's estimation of the expected realisation of these financial assets.

The amounts included above for financial guarantee contracts are the maximum amounts the Group and the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group and the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

40. Financial Instruments *(continued)*

40.3 Fair Value

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

- the fair value of foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract;
- the fair value of the interest rate swap is measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from noted interest rate;
- the fair value of the warrants is measured using the Black-Scholes option pricing model where the main assumptions include the volatility of the share price and the life of the warrants;
- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Other than the convertible bonds, the fair value of financial assets and financial liabilities carried at amortised costs approximate to their carrying amounts.

Fair value measurements recognised in the statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments that are measured subsequent to initial recognition at fair value:

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

40. Financial Instruments *(continued)*

40.3 Fair Value *(continued)*

Fair value measurements recognised in the statement of financial position *(continued)*

	Level 1 USD'000	Level 2 USD'000	Total USD'000
The Group			
2012			
Financial assets			
Foreign currency forward contracts	**—**	**5,706**	**5,706**
Held-for-trading investments	**5,980**	**—**	**5,980**
Total	**5,980**	**5,706**	**11,686**
Financial liabilities			
Foreign currency forward contracts	**—**	**(7,030)**	**(7,030)**
Interest rate swap	**—**	**(4,667)**	**(4,667)**
Total	**—**	**(11,697)**	**(11,697)**
2011			
Financial assets			
Foreign currency forward contracts	—	8,645	8,645
Warrants	—	222	222
Held-for-trading investments	8,288	—	8,288
Total	8,288	8,867	17,155
Financial liabilities			
Foreign currency forward contracts	—	(4,234)	(4,234)
Interest rate swap	—	(4,768)	(4,768)
Total	—	(9,002)	(9,002)

40. Financial Instruments *(continued)*

40.3 Fair Value *(continued)*

Fair value measurements recognised in the statement of financial position *(continued)*

	Level 1 USD'000	Level 2 USD'000	Total USD'000
The Company			
2012			
Financial assets			
Foreign currency forward contracts	**—**	**49**	**49**
Held-for-trading investments	**5,980**	**—**	**5,980**
Total	**5,980**	**49**	**6,029**
Financial liabilities			
Foreign currency forward contracts	**—**	**(1,303)**	**(1,303)**
Interest rate swap	**—**	**(4,667)**	**(4,667)**
Total	**—**	**(5,970)**	**(5,970)**
2011			
Financial assets			
Foreign currency forward contracts	—	2,776	2,776
Warrants	—	222	222
Held-for-trading investments	8,288	—	8,288
Total	8,288	2,998	11,286
Financial liabilities			
Foreign currency forward contracts	—	(2,837)	(2,837)
Interest rate swap	—	(4,768)	(4,768)
Total	—	(7,605)	(7,605)

40. Financial Instruments *(continued)*

40.4 Transfer of financial assets

The following were the Group's financial assets as at December 31, 2012 that were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as discounted bills with recourse (see Note 38). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

The bills receivable discounted with banks with full recourse at the year end was as follows:

	2012 USD'000	2011 USD'000
Carrying amount of transferred assets	**432,633**	518,897
Carrying amount of associated liabilities	**(432,633)**	(518,897)
Net position	**—**	—

41. Unsecured Borrowings

	The Group		**The Company**	
	2012 USD'000	2011 USD'000	**2012 USD'000**	2011 USD'000
Trust receipt loans	**1,050**	3,878	**—**	—
Bank advance from factored trade receivables	**75,000**	71,800	**—**	—
Bank loans	**437,325**	351,637	**371,772**	343,887
Bank borrowings	**513,375**	427,315	**371,772**	343,887
Fixed interest rate notes (Note)	**134,207**	163,587	**—**	—
Total borrowings	**647,582**	590,902	**371,772**	343,887