SUNLINK INTERNATIONAL HOLDINGS LIMITED

(Provisional Liquidators Appointed)

科浪國際控股有限公司 *

（已委任臨時清盤人）

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2336)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The joint and several provisional liquidators (the "Provisional Liquidators") of Sunlink International Holdings Limited (Provisional Liquidators Appointed) (the "Company") announce the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 based on the books and records made available to them together with the last year's comparative figures.

The Provisional Liquidators were appointed pursuant to an order by the High Court of Hong Kong Court of First Instance (the "High Court") on 24 December 2008, and consequently, the Provisional Liquidators do not have the same detailed knowledge of the financial affairs of the Group as the former directors of the Company would have, in particular transactions entered into by the Group prior to their appointment.

The board (the "Board") of directors of the Company (the "Directors") has authorised the Provisional Liquidators to sign, approve, publish and do all such acts in connection with this announcement. The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this announcement in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of this announcement on the basis of the books and records made available to the Provisional Liquidators and, where applicable, having made all reasonable enquiries by them. Therefore, the Provisional Liquidators make no representation as to the completeness of the information contained in this announcement.

The basis of preparation of these audited consolidated financial statements of the Group for the year ended 31 December 2009 have been set out in note 2 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000 (audited)	2008 HK$'000 (audited)
Turnover	6	**33,080**	857,810
Cost of sales		**(30,305)**	(708,599)
Gross profit		**2,775**	149,211
Other income	7	**24**	536
Selling expenses		–	(7,729)
Administrative expenses		**(5,402)**	(22,648)
Loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries	8	**(25)**	(425,876)
Other losses	9	**(30,284)**	(206,495)
Loss from operations		**(32,912)**	(513,001)
Finance cost	10	**(13)**	(3,818)
Loss before tax		**(32,925)**	(516,819)
Income tax expense	11	**(350)**	(18,032)
Loss for the year	12	**(33,275)**	(534,851)
Other comprehensive expense after tax:			
Exchange difference on translating foreign operations		–	124
Exchange differences reclassified to profit or loss upon deconsolidation of subsidiaries		–	(633)
Other comprehensive expense for the year, net of tax		–	(509)
Total comprehensive expense for the year		**(33,275)**	(535,360)
Loss for the year attributable to:			
Equity holders of the company		**(33,275)**	(534,898)
Minority interests		–	47
		(33,275)	(534,851)
Total comprehensive expense for the year attributable to:			
Equity holders of the company		**(33,275)**	(535,407)
Minority interests		–	47
		(33,275)	(535,360)
Loss per share	13		
Basic (HK cents per share)		**(1.78)**	(28.68)
Diluted (HK cents per share)		**(1.78)**	(28.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000 (audited)	2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**11**	–
Investment on an associate		**–**	–
		11	–
Current assets			
Inventories		**1,045**	–
Trade receivables	*14*	**2,930**	–
Bank and cash balances		**8,867**	724
		12,842	724
Current liabilities			
Trade and bills payables	*15*	**837**	–
Accruals and other payables		**17,500**	3,567
Due to deconsolidated subsidiaries		**26,617**	26,617
Current tax liabilities		**1,938**	1,588
Financial guarantee liabilities		**233,294**	203,010
		280,186	234,782
Net current liabilities		**(267,344)**	(234,058)
NET LIABILITIES		**(267,333)**	(234,058)
Capital and reserves			
Share capital	*16*	**186,478**	186,478
Reserves		**(453,811)**	(420,536)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(267,333)**	(234,058)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sunlink International Holdings Limited (Provisional Liquidators Appointed) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies. The principal office is 62/F., One Island East, 18 Westlands Road, Island East, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 2 December 2008.

These consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company and, prior to the suspension of trading in the shares and through its subsidiaries, was principally engaged in the (i) distribution of semiconductors and related products; (ii) development and sale of auto devices and parts; and (iii) development and sale of wireless devices and solutions. The businesses of development and sale of auto devices and wireless devices and solutions were developed as a result of the Group's capability in research and development of embedding application software for semiconductors which evolved into development of electronic turnkey device solutions. For the year ended 31 December 2009, whilst principally engaged in the business of sale of semiconductors and related products, the Company has always been trying to resurrect the business of development and provision of electronic turnkey device solutions based on its existing consumer electronics business and to optimize synergy benefit from economies of scale and a more efficient supply chain management.

2. BASIS OF PREPARATION

Winding-up petition and appointment of the provisional liquidators

On 1 December 2008, Gold Star International Holdings Limited (the "Petitioner"), presented a winding up petition against the Company in respect of a claim of approximately HK$8.6 million (the "Petition"). The Petitioner also filed an application for the appointment of provisional liquidators of the Company to the High Court of Hong Kong Special Administrative Region (the "High Court") on 10 December 2008.

On 11 December 2008, Hang Seng Bank Limited (the "Supporting Creditor") filed a notice of intention to appear and support the Petition. The Supporting Creditor also filed an application for the appointment of provisional liquidators of the Company to the High Court on 16 December 2008 to preserve its assets for the benefits of all creditors of the Company.

Pursuant to an order made by the High Court on 24 December 2008, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the Provisional Liquidators of the Company to take control of the Company and possession of its assets. After few adjournments, the Petition was ordered by the High Court to be adjourned to 1 November 2010 to allow more time for the implementation of the proposed restructuring of the Company.

Suspension of trading in the shares of the Company

Trading in the shares of the Company was suspended on the Main Board of the Stock Exchange at the request of the Company on 2 December 2008. On 21 January 2009, the Listing Division of the Stock Exchange issued a letter (the "First Decision Letter") expressing its concerns over the condition of the Company and informing the Company that in view of the financial difficulties which had seriously impaired the situation of the Company and its subsidiaries and because of its inability to continue its business thereby causing the cessation of the Group's operation, the Company had been placed in the first stage of the delisting procedure on 2 December 2008, pursuant to Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). According to the First Decision Letter, the Company was required to submit a viable resumption proposal and demonstrate its compliance with Rule 13.24 of the Listing Rules on or before 20 July 2009.

On 30 July 2009, the Stock Exchange issued a letter to the Company (the "Second Decision Letter") in relation to placing the Company on the second stage of the delisting procedures under Practice Note 17 of the Listing Rules after taking into consideration that the Company had failed to submit to the Stock Exchange any resumption proposal on or before 20 July 2009 and the Stock Exchange was of the view that the Company did not have an operation in compliance with Rule 13.24 of the Listing Rules. According to the Second Decision Letter, the Company was required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 29 January 2010, the expiry of the six-month period from the date of placing the Company in the second stage of the delisting procedures.

On 14 January 2010, a resumption proposal was submitted to the Stock Exchange.

On 12 May 2010, the Stock Exchange issued a letter to the Company (the "Third Decision Letter") in relation to placing the Company into the third stage of the delisting procedures under Practice Note 17 of the Listing Rules after taking into consideration that the Company had failed to submit to the Stock Exchange a viable resumption proposal and the Stock Exchange was of the view that the Company did not have sufficient operations or assets in compliance with Rule 13.24 of the Listing Rules. According to the Third Decision Letter, the Company was required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 11 November 2010, the expiry of the six month period from the date the Company was placed in the third stage of the delisting procedures.

Proposed restructuring of the Group

The Provisional Liquidators have appointed Asian Capital (Corporate Finance) Limited (the "Financial Adviser") as the financial adviser to the Company on 2 January 2009 to assist the Provisional Liquidators in identifying interested investors with a view to restructuring the Company and submitting a resumption proposal to the Stock Exchange. On 14 June 2010, the Financial Adviser tendered its resignation to the Company. The Company will engage a new financial adviser as soon as practicable.

On 11 May 2009, an exclusivity agreement (the "Exclusivity Agreement") was entered into amongst Brilliant Capital International Limited (the "Investor"), Mr. Paul Suen ("Mr. Suen"), the Company and the Provisional Liquidators to grant the Investor an exclusivity to prepare a resumption proposal to be submitted to the Stock Exchange with a view to resume the trading in the shares of the Company, and to negotiate in good faith and enter into a legally binding formal agreement for the implementation of the restructuring proposal in connection with the proposed restructuring of the Company.

On 18 June 2009, the High Court ratified the Provisional Liquidators' execution of the Exclusivity Agreement and granted leave to the Provisional Liquidators to set up two special purpose vehicles to facilitate the proposed restructuring of the Company.

On 26 June 2009, with the sanction of the High Court, two wholly-owned subsidiaries were set up by the Company. One of them is to function as an immediate holding company and the other one is to act as an operating subsidiary (the "Operating Subsidiary") to resume and continue the existing business of the Group.

On 3 July 2009, the Investor and the Operating Subsidiary entered into a loan facility agreement pursuant to which the Investor agreed to provide a loan facility of up to HK$8 million (the "Working Capital Facility") to the Operating Subsidiary to enable it to meet its working capital needs. The Working Capital Facility is secured by a floating charge of all assets of the Operating Subsidiary executed on 3 July 2009 by the Operating Subsidiary in favour of the Investor. The Group has since resumed its semiconductors and related products business through the Operating Subsidiary. In addition, the Group continues to look for business opportunities to expand its semiconductor business in order to acquire additional customers and generate synergy benefits to its existing business. Furthermore, the Group is also seeking opportunities to reactivate its other principal business so that it can capture the development and trends in the market.

On 9 December 2009, the Operating Subsidiary and Telecycle, LLC., a US incorporated limited liability company ("Telecycle"), entered into the memorandum of understanding, pursuant to which both parties agreed to set up a joint venture owned as to 70% by the Operating Subsidiary and 30% by Telecycle. The joint venture will be principally engaged in collecting and recycling end-of-life telecom equipment in Asia, with a focus on the Greater China area.

On 26 March 2010, the Operating Subsidiary, 廈門華聯電子有限公司 (Xiamen Hualian Electronics Company Limited*) ("Xiamen Hualian") and 佛山聯創華聯電子有限公司 (Foshan Lianchuang Hualian Electronics Company Limited*) (the "Target Company") entered into a capital increase agreement, pursuant to which the Operating Subsidiary conditionally agreed to subscribe for an additional registered capital of the Target Company. Upon completion, the Operating Subsidiary will own 52.38% equity interest of the Target Company.

On 7 April 2010, the Group set up Onetech Technology Company Limited ("Onetech"), another special purpose vehicle, which became a wholly owned subsidiary of the Operating Subsidiary. The purpose of setting up Onetech is to facilitate the expansion of the Group's business and the set up of a research and development ("R&D") operation in Shenzhen, the People's Republic of China ("PRC") in order to strengthen the existing business of the Group. Subsequently on 3 June 2010, new shares representing 24% of Onetech's issued share capital were allotted to four business partners whereas 76% of Onetech's issued share capital remained to be held by the Operating Subsidiary.

On 4 May 2010, the Operating Subsidiary and the Investor entered into a supplemental loan facility agreement, pursuant to which the Investor agreed to provide an additional working capital facility of up to HK$20 million to the Operating Subsidiary.

On 11 June 2010, the Provisional Liquidators, Mr. Suen, the Company and the Investor, entered into a supplemental exclusivity agreement, pursuant to which it is agreed that once the resumption proposal has been submitted to the Stock Exchange, the exclusivity period shall be automatically extended until the earlier of (1) the signing of the formal agreement or (2) the resumption proposal being rejected by the Stock Exchange and a written notice has been issued by the Investor to the Provisional Liquidators and the Company confirming that the Investor does not wish to proceed with an application for review, revise or appeal to the Stock Exchange or, if an application is made by the Company, the date of the Stock Exchange's decision in regard to such reviews, revisions or appeals and the Investor has indicated in writing that it does not wish to proceed with any further action in relation to the resumption proposal (for the avoidance of doubt, a decision of the Stock Exchange to proceed to the third stage of delisting procedure pursuant to the Listing Rules, shall not constitute a rejection unless a statement to the effect that the listing of the Company's shares will be cancelled is recorded). In addition, the exclusivity period may be extended if the parties agree in writing.

Further, the Investor also agreed to contribute an additional fee to the Provisional Liquidators and such fee may be used at the Provisional Liquidators' sole discretion to discharge any of the professional fees in relation to the proposed restructuring from time to time.

The new financial adviser will assist the Company to prepare for a new or revised resumption proposal for submission to the Stock Exchange.

Loss of books and records of the Group

The Provisional Liquidators have used their best endeavors to locate all the financial and business records of the Group. However, most of the books and records of the Group for the year ended 31 December 2008 had been lost and all of the executive Directors, except for Dr. Wong Shu Wing, ("Dr. Wong") who subsequently resigned on 1 March 2010, and the accounting personnel of the Group had left prior to the appointment of the Provisional Liquidators and the appointment of the existing independent non-executive Directors. The Provisional Liquidators have been unable to get the cooperation of the former accounting personnel. Some former staff of the Group also verbally advised that the relevant books and records of the Group had been shipped to a warehouse in the PRC which was subsequently on fire prior to the appointment of the Provisional Liquidators. The Provisional Liquidators are unable to verify the validity that these relevant books and records of the Group had been shipped to a PRC warehouse which was subsequent on fire prior to the appointment of the Provisional Liquidators.

The books and records recovered from the office of the Company and its subsidiaries were minimal. The Provisional Liquidators, therefore, are unable to obtain sufficient information to satisfy themselves regarding the treatment of various transactions and balances of the Group for the year ended 31 December 2008. In this respect, the Company will look into the matters related to the loss of books and records.

The consolidated financial statements have been prepared based on the available books and records maintained by the Group. However, in view of the lack of evidence described above, the Provisional Liquidators are unable to ascertain that the opening balances and corresponding figures of the Group for the year ended 31 December 2008 have been properly reflected in the books and records and in the consolidated financial statements.

Any adjustment arising from the matters described above might have a significant consequential effect on the Group's results and financial position for the year ended 31 December 2008 and the related disclosures thereof in the consolidated financial statements.

Also, as a result of the matters described above, the corresponding figures shown in the consolidated financial statements may not be comparable with the figures for the current year.

Deconsolidation of subsidiaries

On 5 March 2009, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the joint and several liquidators of the following subsidiaries of the Company (collectively as the "CVL Subsidiaries") pursuant to the special resolutions passed at the respective extraordinary general meetings on the basis of each of the CVL Subsidiaries was unable to continue its business by reason of its liabilities.

Tech-Link T&E Limited (In Liquidation)
Sunlink mSolutions Limited (In Liquidation)
Kingful Investment Limited (In Liquidation)
Apson Electronic Products Limited (In Liquidation)
Sunlink Hi-Tech Limited (In Liquidation)
Sunwave Computers Limited (In Liquidation)
Sunwave Development Limited (In Liquidation)
Sun Horse Technologies (H.K.) Limited (In Liquidation)
Sunlink Apson Multi-media Limited (In Liquidation)

Hoover Technologies Limited (In Liquidation) ("Hoover Technologies") was initially placed under creditors' voluntary liquidation on 5 March 2009. Subsequently, a winding up order was made against Hoover Technologies by the High Court. On 23 September 2009, Mr. Pui Chiu Wing and Miss Cheung Lai Kuen of Neil Collins Corporate Advisory Services Limited were appointed joint and several provisional liquidators of Hoover Technologies by the official receiver under section 194(1A) of the Hong Kong Companies Ordinance (Cap 32) of the Laws of Hong Kong. On 17 December 2009, resolutions were passed at meetings of contributories and creditors where Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the joint and several liquidators of Hoover Technologies in place of the then joint and several provisional liquidators of Hoover Technologies. It was further resolved that an application to be submitted to the High Court for an order to conduct the liquidation of Hoover Technologies as if it is a creditors' voluntary liquidation and no committee of inspection was formed and the relevant order was granted by the High Court on 19 March 2010.

Apart from the loss of books and records mentioned aforesaid, in the resignation letter of the former executive Director, Dr. Wong Shu Wing, dated 1 March 2010 which was subsequently received by the Company on 5 March 2010, Dr. Wong confirms that, save for the disagreement with the Board on the accounts of the Company for the year ended 31 December 2008 and the interim results of the Company for the six months ended 30 June 2009 (together the "Draft Accounts"), there are no matters that need to be brought to the attention of the shareholders and the creditors of the Company or the Stock Exchange in connection with his resignation.

The existing Directors believe that the disagreement between Dr. Wong and the existing Directors relate to the accounting treatment concerning certain subsidiaries of the Company to which liquidators were appointed, as disclosed in the announcement of the Company dated 19 March 2009.

Since the appointment in December 2008, the Provisional Liquidators have used their best endeavors to locate the books and records of the Group. All of the Directors of the Company, except for Dr. Wong, and the accounting personnel of the Group had left prior to the appointment of the Provisional Liquidators, while the existing independent non-executive Directors were appointed in October 2009. The investigations by the Provisional Liquidators reveal that most of the books and records of the Group for the year ended 31 December 2008 have been lost. In the statement of affairs prepared by Dr. Wong, as at 24 December 2008, being the date of the appointment of the Provisional Liquidators, there has not mentioned the existence of assets pertaining to the CVL Subsidiaries, save for certain bank balances.

In view of the above, the Provisional Liquidators and the existing Directors considered that it is appropriate to deem that the control over the CVL Subsidiaries, Hoover Technologies and Jun Tai Yang Technologies (Shenzhen) Limited, a subsidiary of Sun Horse Technologies (H.K.) Limited (In Liquidation), had been lost since 1 July 2008. The results, assets and liabilities and cashflows of these subsidiaries were therefore deconsolidated from the consolidated financial statements of the Group since 1 July 2008 ("Accounting Treatment"). The Accounting Treatment resulted in the recognition of losses on deconsolidation of the CVL Subsidiaries, Hoover Technologies and Jun Tai Yang Technologies (Shenzhen) Limited, as well as impairment of investment costs and amounts due from the CVL Subsidiaries, Hoover Technologies and Jun Tai Yang Technologies (Shenzhen) Limited.

However, at the board meeting held on 26 February 2010 (the "Board Meeting") to approve, *inter alia*, the annual results for the year ended 31 December 2008, Dr. Wong disagreed with the board on the Accounting Treatment and he indicated that certain assets of the CVL Subsidiaries meant to be deconsolidated in the Draft Accounts still existed and would be recoverable. The independent non-executive Directors and the representatives of the Provisional Liquidators requested Dr. Wong to provide substantiation. Dr. Wong agreed to see if ex-staff involved can be contacted and to ascertain whether the books and records could be retrieved. Dr. Wong agreed to revert to the Provisional Liquidators on the same day regarding the time required to locate the relevant books and records. Accordingly, the Board Meeting was further adjourned to 25 March 2010, and such delay was announced by the Company on 26 February 2010.

On 26 February 2010, Dr. Wong via his solicitors indicated verbally to the Provisional Liquidators' representative that he could not find ex-staff to cooperate in ascertaining the whereabouts of the books and records nor was he able to find the relevant persons previously involved and Dr. Wong resigned as an executive Director of the Company.

On 1 March 2010, the solicitors of the Company wrote to request Dr. Wong to provide the Company with all relevant books and records in his possession, power and/or custody, by 19 March 2010 (the "Written Request"), so that the Draft Accounts can be finalized and issued without further delay.

On 5 March 2010, the Provisional Liquidators received the resignation letter from Dr. Wong with effect from 1 March 2010.

On 12 March 2010, the Provisional Liquidators received a written response from Dr. Wong's solicitors confirming that Dr. Wong does not have any relevant books and records in relation to the Group in his possession, power and/or custody.

Since 24 December 2008, pursuant to a court order, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, have been appointed as Provisional Liquidators of the Company, as a result from an application for the appointment of the Provisional Liquidators which were presented and filed to the High Court by the Supporting Creditor, on 16 December 2008.

As such, the Provisional Liquidators do not have the same knowledge of the financial affairs of the Group as the Directors of the Company would have, particularly in relation to the transactions entered into by the Group prior to the appointment date. The Board has also authorized the Provisional Liquidators to approve, publish and do all such acts in connection with the publication of this announcement and the annual report announcement.

Based on the books and records made available to them, the Provisional Liquidators are responsible for the accuracy of the contents of the audited consolidated financial statements for the year ended 31 December 2009 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these audited consolidated financial statements for the year ended 31 December 2009.

The Provisional Liquidators make no representation as to the completeness of the information contained in these financial statements, given that insufficient books and records were recovered by the Provisional Liquidators upon their appointment.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK$33,275,000 for the year ended 31 December 2009 (2008: loss of approximately HK$534,898,000) and as at 31 December 2009 the Group had net current liabilities of approximately HK$267,344,000 (2008: approximately HK$234,058,000) and net liabilities of approximately HK$267,333,000 (2008: approximately HK$234,058,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring will be successfully completed, and that, following the proposed restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to the irrecoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with nonowners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

b. *Operating Segments*

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively. The segment accounting policies under HKFRS 8 are stated in note 5 to this announcement.

The Group has not early applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention.

5. SEGMENT INFORMATION

The Group has three reportable segments as follows:

– Semiconductors and related business

– Auto devices and parts business

– Wireless devices and solutions business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include dividend income, gains or losses from investments and derivative instruments, unallocated corporate other income, unallocated corporate expenses, loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries, other losses, finance cost and income tax expense. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about reportable segment profit or loss, assets and liabilities:

	Semiconductors and related business		Auto devices and parts business		Wireless devices and solutions business		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December 2009 and 2008								
Revenue from external customers	**33,080**	330,011	**–**	358,385	**–**	169,414	**33,080**	857,810
Segment profit before financial cost and tax	**2,170**	16,393	**–**	81,434	**–**	24,150	**2,170**	121,977
Interest expense	**13**	–	**–**	–	**–**	–	**13**	–
Depreciation	**–**	1,312	**–**	–	**–**	368	**–**	1,680
Reversal of allowance for doubtful debts	**–**	58	**–**	–	**–**	–	**–**	58
Additions to segment non-current assets	**11**	5,075	**–**	8,542	**–**	6,847	**11**	20,464
As at 31 December								
Segment assets	**11,092**	–	**–**	–	**–**	715	**11,092**	715
Segment liabilities	**9,290**	–	**–**	–	**–**	265	**9,290**	265

Reconciliation of reportable segment profit or loss, assets and liabilities:

	2009	2008
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**2,170**	121,977
Unallocated amounts:		
Unallocated corporate other income	**24**	164
Unallocated corporate expenses	**(4,797)**	(2,771)
Loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries	**(25)**	(425,876)
Other losses	**(30,284)**	(206,495)
Loss from operations	**(32,912)**	(513,001)
Finance cost	**(13)**	(3,818)
Consolidated loss before tax	**(32,925)**	(516,819)

	2009	2008
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**11,092**	715
Unallocated corporate assets	**1,761**	9
Consolidated total assets	**12,853**	724

	2009	2008
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**9,290**	265
Unallocated corporate liabilities	**270,896**	234,517
Consolidated total liabilities	**280,186**	234,782

Geographical information:

	Turnover		**Non-current assets**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**33,080**	704,523	**11**	–
The PRC	**–**	98,269	**–**	–
Others	**–**	55,018	**–**	–
Consolidated total	**33,080**	857,810	**11**	–

In presenting the geographical information, turnover is base on the locations where the sales are taken place.

6. TURNOVER

The Group's turnover is as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of goods	**33,080**	857,810

7. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Net foreign exchange gains	**–**	107
Technical service income	**–**	163
Rental income	**–**	28
Interest income	**–**	29
Sundry income	**24**	209
	24	536

8. LOSS ON DECONSOLIDATION OF THE SUBSIDIARIES AND IMPAIRMENT ON INVESTMENT COSTS AND AMOUNTS DUE FROM DECONSOLIDATED SUBSIDIARIES

	2009	2008
	HK$'000	*HK$'000*
Loss on deconsolidation of subsidiaries	**–**	272,032
Impairment on investment costs in the deconsolidated subsidiaries	**–**	14,025
Impairment on amounts due from the deconsolidated subsidiaries	**25**	139,819
	25	425,876

As disclosed in note 2 to the consolidated financial statements, the Provisional Liquidators considered that the control over certain subsidiaries had been lost since 1 July 2008. The results, assets and liabilities and cash flows of these subsidiaries were therefore deconsolidated from the consolidated financial statements of the Group since then.

Net assets of these subsidiaries as at 1 July 2008 were as follows:

	HK$'000
Property, plant and equipment	28,614
Club debenture	874
Prepayments, deposits and other receivables (non-current)	1,000
Investment held for trading	55
Inventories	99,480
Prepayments, deposits and other receivables (current)	66,834
Trade receivables	461,098
Due from an associate	3,800
Tax recoverable	30
Bank and cash balances	67,397
Bank loans	(199,065)
Trade and bills payables	(57,923)
Accruals and other payables	(34,589)
Current tax liabilities	(35,597)
Deferred taxation	(1,618)
Net amount due to the Group	(112,402)
Net assets deconsolidated	287,988
Release of foreign currency translation reserve	(633)
Minority interests	(1,298)
Investment costs	(14,025)
Loss on deconsolidation of subsidiaries	272,032
Net cash outflow arising on deconsolidation of subsidiaries:	
Cash and cash equivalents of subsidiaries deconsolidated	(67,397)

9. OTHER LOSSES

	2009	2008
	HK$'000	*HK$'000*
Loss on financial guarantee liabilities	**30,284**	203,010
Allowance for doubtful debts	**–**	40
Impairment on prepayments, deposits and other receivables	**–**	3,445
	30,284	206,495

10. FINANCE COST

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**13**	3,818

The interest expenses of approximately HK$13,000 for the year ended 31 December 2009 was due to the loan from the Investor of HK$8,000,000 which was included in the accruals and other payables as at 31 December 2009, carrying an annual interest rate of 1%.

11. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**350**	13,638
Current tax – the PRC		
Provision for the year	–	2,955
Deferred tax		
Provision for the year	–	1,449
Attributable to change in tax rate	–	(10)
	350	18,032

Hong Kong Profits Tax has been provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year ended 31 December 2009.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expenses and the loss before tax is as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(32,925)**	(516,819)
Tax at the domestic income tax rate of 16.5% (2008: 16.5%)	**(5,433)**	(85,275)
Tax effect of expenses that are not deductible	**5,783**	102,302
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	1,005
	350	18,032

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging and (crediting) the following:

	2009	2008
	HK$'000	*HK$'000*
Auditor's remuneration	**490**	400
Staff costs including Directors' emoluments		
Salaries, bonus and allowances	**415**	3,795
Reversal of equity-settled share-based payments	**–**	(3,434)
Retirement benefits scheme contributions	**18**	–
	433	361
Cost of inventories sold	**30,305**	708,599
Gain on disposal of property, plant and equipment	**–**	33
Depreciation	**–**	1,680
Reversal of allowance for doubtful debts	**–**	(58)
Impairment of prepayments, deposits and other receivables	**–**	3,445
Operating lease charges on land and buildings	**75**	–

13. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately HK$33,275,000 (2008: approximately HK$534,898,000) and the weighted average number of ordinary shares of 1,864,780,000 (2008: 1,864,738,082) in issue during the year.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the year ended 31 December 2009. No diluted loss per share for the year ended 31 December 2008 is presented because the impact of the exercise of the share options was anti-dilutive.

14. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 60 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2009	2008
	HK$'000	*HK$'000*
30 days or less	**2,930**	–
31 days to 60 days	**–**	–
61 days to 90 days	**–**	–
Over 90 days	**–**	–
	2,930	–

Included in the Group's trade receivables are debtors with a carrying amount of approximately HK$2,930,000 (2008: nil) which are denominated in the US dollars (that is the currency other than the functional currencies of the respective Group entities).

15. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2009	2008
	HK$'000	*HK$'000*
30 days or less	**837**	–
31 days to 60 days	**–**	–
Over 60 days	**–**	–
	837	–

16. SHARE CAPITAL

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

	2009	2008
	HK$'000	*HK$'000*
Authorized:		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
1,864,780,000 ordinary shares of HK$0.10 each (2008: 1,864,780,000 ordinary shares of HK$0.10 each)	**186,478**	186,478

The following is a summary of movements in the issued share capital:

	Number of share issued	Share capital
		HK$'000
At 1 January 2008	**1,864,680,000**	186,468
Share issued upon exercise of share options	**100,000**	10
At 31 December 2008, 1 January 2009 and 31 December 2009	**1,864,780,000**	186,478

During the year ended 31 December 2008, options were exercised to subscribe for 100,000 ordinary shares in the Company at a total consideration of approximately HK$69,000 of which approximately HK$10,000 was credited to share capital and the balance of approximately HK$59,000 was credited to the share premium account. Approximately HK$15,000 has been transferred from the share option reserve to the share premium account in accordance with the accounting policy of the Group.

The new shares rank pari passu in all respects with the existing shares.

QUALIFIED INDEPENDENT AUDITOR'S REPORT

The Provisional Liquidators would like to draw your attention to the fact that the independent auditor's report on the consolidated financial statements for the year ended 31 December 2009 has been qualified. An extract of the independent auditor's report that dealt with the qualifications is as follows:

Basis for disclaimer of opinion

1. *Opening balances and corresponding figures*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2008 (the "2008 Financial Statements"), which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 31 March 2010. Accordingly, we were then unable to form an opinion as to whether the 2008 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

2. *Deconsolidation of the subsidiaries*

   Certain subsidiaries of the Company were deconsolidated from the Group since 1 July 2008. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of these subsidiaries since 1 July 2008 and throughout the year ended 31 December 2009.

   Accordingly, no sufficient evidence has been provided to satisfy ourselves as to the completeness of the transactions of the Group for the year ended 31 December 2009. There are no other satisfactory audit procedures that we could adopt to satisfy ourselves that the income and expense items are properly accounted for in the consolidated statement of comprehensive income for the year ended 31 December 2009 and that these items are properly disclosed in the consolidated financial statements.

3. *Accruals and other payables*

   No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the accruals and other payables totalling approximately HK$3,067,000 as at 31 December 2009 as included in the accruals and other payables of approximately HK$17,500,000 in the consolidated statement of financial position.

4. *Current tax liabilities*

   No sufficient evidence has been received by us up to the date of this report in respect of the current tax liabilities totalling approximately HK$1,528,000 as at 31 December 2009 as included in the current tax liabilities of approximately HK$1,938,000 in the consolidated statement of financial position.

5. *Commitments and contingent liabilities*

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2009.

6. *Related party transactions and balances*

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions and balances for the year ended 31 December 2009 as required by Hong Kong Accounting Standard 24 "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 6 above might have a significant consequential effect on the Group's results for the two years ended 31 December 2008 and 2009, the Group's cash flows for the two years ended 31 December 2008 and 2009 and the financial positions of the Group as at 31 December 2008 and 2009, and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") was submitted to The Stock Exchange of Hong Kong Limited on 14 January 2010.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the Resumption Proposal will be successfully completed and that, following the implementation of the Resumption Proposal, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the Resumption Proposal. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the Resumption Proposal, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN ON THE CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS REVIEW

The Company is an investment holding company and, prior to the suspension of trading in the shares and through its subsidiaries, was principally engaged in the (i) distribution of semiconductors and related products; (ii) development and sale of auto devices and parts; and (iii) development and sale of wireless devices and solutions. The businesses of development and sale of auto devices and wireless devices and solutions were developed as a result of the Group's capability in research and development of embedding application software for semiconductors which evolved into development of electronic turnkey device solutions. For the year ended 31 December 2009, whilst principally engaged in the business of sale of semiconductors and related products, the Company has always been trying to resurrect the business of development and provision of electronic turnkey device solutions based on its existing consumer electronics business and to optimize synergy benefit from economies of scale and a more efficient supply chain management.

APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 24 December 2008, the High Court appointed Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, as the Provisional Liquidators of the Company.

After several adjournments, the High Court has ordered the hearing of the petition filed by Gold Star International Holdings Limited against the Company to be adjourned to 1 November 2010 to allow more time for the implementation of a proposed restructuring of the Company.

Pursuant to an order of the High Court, the Provisional Liquidators would, inter alia, take into their custody and protect all the assets of the Group and to carry on and stabilise the operations of the Group, including facilitating a proposed restructuring of the Company until such time as further order is made. The Provisional Liquidators are independent third parties who do not have connection with the Company or any of the Directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the Listing Rules.

Further details of the Company's status are set out in note 2 to the audited consolidated financial statements.

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 2 January 2009, the Provisional Liquidators appointed the Financial Adviser for the purposes of assisting them to identify interested investors with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange. On 14 June 2010, the Financial Adviser tendered its resignation to the Company. The Company will engage a new financial adviser as soon as practicable.

On 21 January 2009, the Listing Division of the Stock Exchange issued the First Decision Letter expressing its concerns over the condition of the Company and informing the Company that in view of the financial difficulties which had seriously impaired the situation of the Group and because of its inability to continue its business thereby causing the cessation of the Group's operations, the Company had been placed in the first stage of the delisting procedures on 2 December 2008, pursuant to the Listing Rules. According to the First Decision Letter, the Company was required to submit a viable resumption proposal and demonstrate its compliance with Rule 13.24 of the Listing Rules on or before 20 July 2009.

On 11 May 2009, the Exclusivity Agreement was entered into amongst the Investor, Mr. Suen, the Company and the Provisional Liquidators to grant the Investor an exclusivity to prepare and submit a resumption proposal to the Stock Exchange with a view to resume the trading in the shares of the Company, and to negotiate in good faith and enter into a legally binding formal agreement for the implementation of the restructuring proposal in connection with the proposed restructuring of the Company.

On 18 June 2009, the High Court ratified the Provisional Liquidators' execution of the Exclusivity Agreement and granted leave to the Provisional Liquidators to set up two special purpose vehicles to facilitate the proposed restructuring of the Company.

On 26 June 2009, with the sanction of the High Court, the Company set up two wholly-owned subsidiaries, one of them acting as an immediate holding company and the other one acting as the Operating Subsidiary to resume and continue the existing business of the Group. The Company has since resumed its sales of semiconductors and related products business through the Operating Subsidiary.

On 3 July 2009, the Investor and the Operating Subsidiary entered into a Working Capital Facility agreement pursuant to which the Investor had agreed to provide a Working Capital Facility of up to HK$8 million to the Operating Subsidiary to enable it to meet its working capital needs. The Working Capital Facility had been secured by a floating charge of all assets of the Operating Subsidiary on 3 July 2009 in favour of the Investor.

On 30 July 2009, the Stock Exchange issued the Second Decision Letter to the Company in relation to its decision to place the Company in the second stage of the delisting procedures pursuant to Practice Note 17 of the Listing Rules for reasons of the Company failing to submit to the Stock Exchange any resumption proposal before 20 July 2009 and maintain an operation in compliance with Rule 13.24 of the Listing Rules. According to the Second Decision Letter, the Company was required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 29 January 2010, being the expiry of the six-month period from the date of placing the Company in the second stage of the delisting procedures.

On 9 December 2009, the Operating Subsidiary and Telecycle entered into a memorandum of understanding, pursuant to which, both parties had agreed to set up a joint venture owned as to 70% by the Operating Subsidiary and 30% by Telecycle. The joint venture will be principally engaged in collecting and recycling end-of-life telecom equipment in Asia, with a focus on the Greater China area.

On 14 January 2010, Financial Adviser submitted a Resumption Proposal to the Stock Exchange on behalf of the Company. The Resumption Proposal has set out a restructuring proposal, which, if successfully implemented, will, amongst other things, result in:

- a capital reorganisation of the share capital of the Company and the issuance of new shares of the Company;
- all claims of the Company being discharged by way of schemes of arrangement in Hong Kong and the Cayman Islands, as appropriate; and
- resumption of trading in the shares of the Company upon completion of the proposed restructuring.

On 26 March 2010, the Operating Subsidiary, Xiamen Hualian and the Target Company entered into a capital increase agreement, pursuant to which the Operating Subsidiary conditionally agreed to subscribe for an additional registered capital of the Target Company. Upon completion, the Operating Subsidiary will own 52.38% equity interest of the Target Company.

The Target Company is an integrated electronic turnkey device solutions and one-stop services provider of microcontrollers, including sourcing of components, designing circuits and layouts, assembling, testing and delivery of microcontrollers to its customers. Microcontrollers are electronic turnkey devices which can be readily used by the Target Company's customers in the assembly of their final products, which are mainly household appliances, including air-conditioner, refrigerators, water heaters, electric rice cookers etc. Upon acceptance of orders from customers, the Target Company will design and develop the circuits, functionalities and layouts of the electronic devices and manufacture such devices in its own assembly line. The basic building blocks of the electronic devices are logic integrated circuits (ICs), which mainly use as the control of electro-mechanical systems in household appliances and electronic products, and ICs, in turn, are basically composed of semiconductors and circuitry. The Target Company currently has approximately 290 employees with over 15 of them are engaged in R&D functions and there are five assembly lines in its plants located in Foshan, the PRC. With its own R&D team, the Target Company is capable of designing microcontrollers based on specifications required by its customers. These microcontrollers are key components to assemble their final electronic products and electrical appliances. The customers of the Target Company or end users of the microcontrollers produced by the Target Company include many major electronic products and electrical appliances manufacturers in the world, such as Panasonic, Toshiba, Sanyo, Ferroli, Midea, Changhong etc..

On 7 April 2010, the Group set up Onetech, another special purpose vehicle, which becomes a wholly owned subsidiary of the Operating Subsidiary. The purpose of setting up Onetech is to facilitate the expansion of the Group's business and the set up of a R&D operation in Shenzhen, the PRC in order to strengthen the existing business of the Group. Subsequently on 3 June 2010, new shares representing 24% of Onetech's issued share capital were alloted to four business partners, whereas 76% of Onetech's issued share capital remained to be held by the Operating Subsidiary.

On 4 May 2010, the Operating Subsidiary and the Investor entered into a supplemental loan facility agreement, pursuant to which the Investor agreed to provide an additional working capital facility of up to HK$20 million to the Operating Subsidiary.

On 12 May 2010, the Stock Exchange issued the Third Decision Letter in relation to placing the Company in the third stage of the delisting procedures under Practice Note 17 of the Listing Rules after taking into consideration that the Company had failed to submit to the Stock Exchange a viable resumption proposal and the Stock Exchange was of the view that the Company did not have sufficient operations or assets in compliance with Rule 13.24 of the Listing Rules. According to the Third Decision Letter, the Company was required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 11 November 2010, being the expiry of the six-month period from the date of placing the Company in the third stage of the delisting procedures.

On 11 June 2010, the Provisional Liquidators, Mr. Suen, the Company and the Investor, by way of a supplemental agreement, agreed to extend the exclusivity period until the earlier of (1) the signing of the formal agreement or (2) the resumption proposal being rejected by the Stock Exchange and a written notice has been issued by the Investor to the Provisional Liquidators and the Company confirming that the Investor does not wish to proceed with an application for review, revise or appeal to the Stock Exchange or, if an application is made by the Company, the date of the Stock Exchange's decision in regard to such reviews, revisions or appeals and the Investor has indicated in writing that it does not wish to proceed with any further action in relation to the resumption proposal (for the avoidance of doubt, a decision of the Stock Exchange to proceed to the third stage of delisting procedure pursuant to the Listing Rules, shall not constitute a rejection unless a statement to the effect that the listing of the Company's shares will be cancelled is recorded). In addition, the exclusivity period may be extended if the parties agree in writing.

Further, the Investor also agreed to contribute an additional fee to the Provisional Liquidators and such fee may be used at the Provisional Liquidators' sole discretion to discharge any of the professional fees in relation to the proposed restructuring from time to time.

The new financial adviser will assist the Company to prepare for a new or revised resumption proposal for submission to the Stock Exchange.

FINANCIAL REVIEW

The Group's turnover for the year ended 31 December 2009 was approximately HK$33,080,000, a substantial decrease of approximately HK$824,730,000 or 96.1% compared with the turnover for the previous year which was approximately HK$857,810,000.

An analysis of the Group's financial performance by business segments is as follows:

	Semiconductors and related business *HK$'000*	Auto devices and parts business *HK$'000*	Wireless device and solutions business *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2009				
Turnover	33,080	–	–	33,080
Segment results	2,170	–	–	2,170
Year ended 31 December 2008				
Turnover	330,011	358,385	169,414	857,810
Segment results	16,393	81,434	24,150	121,977

The Group recorded a loss attributable to the equity holders of the Company of approximately HK$33,275,000 for the year ended 31 December 2009, a significant decrease of approximately 93.8% when compared with last year of approximately HK$534,898,000. It was mainly attributed to the absence of the amounts of loss on deconsolidation of the subsidiaries and impairment on investment costs and the substantial decrease in the impairment on the amounts due from deconsolidated subsidiaries.

For the year ended 31 December 2009, the basic loss per share was approximately HK1.78 cents (2008: approximately HK28.68 cents).

MATERIAL ACQUISITION AND DISPOSAL

To the best knowledge of the Provisional Liquidators, the Group had no material acquisition or disposal during the year 31 December 2009.

LIQUIDITY AND FINANCIAL RESOURCES

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, the Group had bank and cash balances of approximately HK$8,867,000 (2008: approximately HK$724,000). The Group had total assets of approximately HK$12,853,000 (2008: approximately HK$724,000) which was financed by current liabilities of approximately HK$280,186,000 (2008: approximately HK$234,782,000), and deficiency of equity attributable to equity holders of the Company of approximately HK$267,333,000

(2008: approximately HK$234,058,000). The current ratio was approximately 4.6% (2008: approximately 0.3%). The gearing ratio of the Group could not be determined as the Group had net liabilities as at 31 December 2009 (2008: could not be determined). The gearing ratio represents total borrowings to the sum of equity attributable to equity holders of the Company and total borrowings of the Group.

DIVIDEND

There will be no payment of a final dividend for the year ended 31 December 2009 (2008: nil).

PROSPECTS

Since June 2009, the Group resumed its sale of semiconductors and related products business through the Operating Subsidiary.

The proposed subscription for the additional registered capital of the Target Company represents a good opportunity for the Group to recommence and continue its electronic turnkey device solutions business and to create synergy effect with its existing semiconductors business as some of the semiconductors used in the products of the Target Company can be sourced through the Group's existing suppliers, thus creating benefits for the Group as a whole through economies of scale and a more efficient supply chain management. It is also expected that upon completion of the proposed capital injection into the Target Company which will then become a subsidiary of the Group, the scale of the Group's business operation will be expanded substantially and will pave a solid foundation for the growth of the Group's electronic turnkey device solutions and semiconductors businesses.

The Group will continue to look for opportunities to expand its business portfolio in order to enlarge its customer base and generate synergy benefits to its existing businesses. Furthermore, the Group is also seeking opportunities to reactivate other principal businesses with the support of the Investor so that it can capture the development and trends of the market. These will be financed by subscriptions of consideration shares and convertible preference shares and the working capital facility provided by the Investor.

Since entering into the Exclusivity Agreement and with the support of the Investor, the Company is gradually rebuilding its business portfolio via two wholly owned subsidiaries and Onetech. Upon completion of the proposed capital injection into the Target Company, the Group will be in a better position to further develop the businesses of the Group and to capture any attractive investment opportunities that may arise in the future.

FINANCIAL GUARANTEE LIABILITIES

The Company has provided corporate guarantees for certain bank loans and other payables of its subsidiaries which were deconsolidated from the consolidated financial statements of the Group since 1 July 2008. Consequently, the Company is liable to the financial guarantee liabilities of approximately HK$233,294,000 as at 31 December 2009 (2008: HK$203,010,000). Liabilities of the Company are expected to be discharged under the proposed schemes of arrangement of the Company.

CONTINGENT LIABILITIES

The Provisional Liquidators had not conducted a full search for contingent liabilities of the Group. However, all claims against the Company will be subject to a formal adjudication process, dealt with and compromised under the proposed schemes of arrangement of the Company.

Save as disclosed above, to the best knowledge of the Provisional Liquidators, the Group did not have any significant contingent liabilities of the Group at the balance sheet date (2008: nil).

PLEDGE OF ASSETS

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, a floating charge on all the assets of the Operating Subsidiary was created during the year as a pledge to secure the Working Capital Facility granted by the Investor (2008: nil).

LEASE COMMITMENTS

To the best knowledge of the Provisional Liquidators, the Group did not have any significant lease commitment as at 31 December 2009 (2008:nil).

CAPITAL COMMITMENTS

To the best knowledge of the Provisional Liquidators, the Group did not have any significant capital commitments as at 31 December 2009 (2008: nil).

SHARE CAPITAL

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximize the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

	2009	2008
	HK$'000	*HK$'000*
Authorized:		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
1,864,780,000 ordinary shares of HK$0.10 each		
(2008: 1,864,780,000 ordinary shares of HK$0.10 each)	**186,478**	186,478

The following is a summary of movements in the issued share capital:

	Number of share issued	**Share capital**
		HK$'000
At 1 January 2008	1,864,680,000	186,468
Share issued upon exercise of share options	100,000	10
At 31 December 2008, 1 January 2009 and 31 December 2009	1,864,780,000	186,478

During the year ended 31 December 2008, options were exercised to subscribe for 100,000 ordinary shares in the Company at a total consideration of approximately HK$69,000 of which approximately HK$10,000 was credited to share capital and the balance of approximately HK$59,000 was credited to the share premium account. Approximately HK$15,000 has been transferred from the share option reserve to the share premium account in accordance with the accounting policy of the Group. No option was exercised during the year ended 31 December 2009.

The new shares rank pari passu in all respects with the existing shares.

RELATED PARTY TRANSACTIONS

The remuneration of Directors and other members of key management and the significant transactions with an associate during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Compensation of key management personnel		
Short-term benefits	**50**	3,753
Post-employment benefits	–	42
Sales of good to an associate	–	2,274

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 5 March 2010, the Provisional Liquidators received the resignation letter from Dr. Wong to resign as executive Director effective from 1 March 2010.

On 26 March 2010, the Operating Subsidiary, Xiamen Hualian and the Target Company entered into a capital increase agreement, pursuant to which the Operating Subsidiary conditionally agreed to subscribe for additional registered capital of the Target Company. Upon completion, the Operating Subsidiary will own 52.38% equity interest of the Target Company.

On 7 April 2010, the Group set up Onetech, another special purpose vehicle, which becomes a wholly owned subsidiary of the Operating Subsidiary. The purpose of setting up Onetech is to facilitate the expansion of the Group's business and the set up of a R&D operation in Shenzhen, the PRC in order to strengthen the existing business of the Group. Subsequently on 3 June 2010, new shares representing 24% of Onetech's issued share capital were alloted to four business partners, whereas 76% of Onetech's issued share capital remained to be held by the Operating Subsidiary.

On 4 May 2010, the Operating Subsidiary and the Investor entered into a supplemental loan facility agreement, pursuant to which the Investor agreed to provide an additional working capital facility of up to HK$20 million to the Operating Subsidiary.

On 12 May 2010, the Stock Exchange issued the Third Decision Letter in relation to placing the Company in the third stage of the delisting procedures under Practice Note 17 of the Listing Rules after taking into consideration that the Company had failed to submit to the Stock Exchange a viable resumption proposal and the Stock Exchange was of the view that the Company did not have sufficient operations or assets in compliance with Rule 13.24 of the Listing Rules. According to the Third Decision Letter, the Company was required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 11 November 2010, the expiry of the six month period from the date the Company was placed in the third stage of the delisting procedures.

On 11 June 2010, the Provisional Liquidators, Mr. Suen, the Company and the Investor, by way of a supplemental agreement, agreed to extend the exclusivity period until the earlier of (1) the signing of the formal agreement or (2) the resumption proposal being rejected by the Stock Exchange and a written notice has been issued by the Investor to the Provisional Liquidators and the Company confirming that the Investor does not wish to proceed with an application for review, revise or appeal to the Stock Exchange or, if an application is made by the Company, the date of the Stock Exchange's decision in regard to such reviews, revisions or appeals and the Investor has indicated in writing that it does not wish to proceed with any further action in relation to the resumption proposal (for the avoidance of doubt, a decision of the Stock Exchange to proceed to the third stage of delisting procedure pursuant to the Listing Rules, shall not constitute a rejection unless a statement to the effect that the listing of the Company's shares will be cancelled is recorded). In addition, the exclusivity period may be extended if the parties agree in writing.

Further, the Investor also agreed to contribute an additional fee to the Provisional Liquidators and such fee may be used at the Provisional Liquidators' sole discretion to discharge any of the professional fees in relation to the proposed restructuring from time to time.

The new financial adviser will assist the Company to prepare for a new or revised resumption proposal for submission to the Stock Exchange.

MANAGEMENT ANALYSIS

Apart from the information disclosed in this announcement, the Provisional Liquidators are unable to comment as to the performance of the Group as set out in paragraphs 32 and 40(2) in the Appendix 16 of the Listing Rules.

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

To the best knowledge of the Provisional Liquidators, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

EXPOSURE TO FOREIGN EXCHANGE RISK

To the best knowledge of the Provisional Liquidators, during the year, the Group conducted its business transactions principally in Hong Kong dollars and United States dollars. The Group had not experienced any material difficulties or negative effects on its operations as a result of fluctuations in currency exchange rates. The Provisional Liquidators believed it was not necessary to hedge the exchange risk. Nevertheless, the Provisional Liquidators will continue to monitor the foreign exchange exposure and will take prudent measure as deemed appropriate.

EMPLOYEES AND REMUNERATION POLICIES

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, the Group had 7 employee and 1 consultant (2008: nil). During the year, the Group remunerated its employees based on their performance and the prevailing industry practices.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

To the best knowledge of the Provisional Liquidators, save for the share option scheme of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

To the best knowledge of the Provisional Liquidators, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2009 or at any time during the year then ended.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2009, sales to the Group's five largest customers accounted for approximately 99% of the total sales for the year and sales to the largest customer accounted for approximately 38% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 92% of the total purchases for the year and purchases from the largest supplier accounted for approximately 36% of the total purchases for the year.

To the best knowledge of the Provisional Liquidators, none of the directors of the Company or any of their associates or any shareholders (hold more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year.

RETIREMENT BENEFITS SCHEMES

To the best knowledge of the Provisional Liquidators, the Group made mandatory contributions to Mandatory Provident Fund Scheme for its staff in Hong Kong.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements for the year ended 31 December 2009. However, due to the fact that most of the books and records of the Group for the year ended 31 December 2008 had been lost and all of the Directors, except for Dr. Wong who resigned on 1 March 2010, and the accounting personnel of the Group had left prior to the appointment of the Provisional Liquidators, the review of the consolidated financial statements conducted by the audit committee was entirely based on the books and records available to the Provisional Liquidators since their appointment.

As at the date of this announcement, the audit committee of the Company comprises three independent non-executive directors, namely Messrs. Tso Shiu Kei, Vincent, Young Meng Cheung, Andrew and Poon Ka Lee, Barry (the chairman of the audit committee of the Company).

INDEPENDENCE

Independent non-executive directors of the Company are required to give an annual confirmation of their independence to the Company pursuant to Rule 3.13 of the Listing Rules. This practice is being observed and the Company considers the independent non-executive director to be independent.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

To the best knowledge of the Provisional Liquidators, since the suspension of the trading in the shares of the Company in 2 December 2008, the Company has found it impracticable to adopt a code of conduct regarding securities transactions by the directors of the Company on terms as set out in Appendix 10: "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") of the Listing Rules. Due to the fact that all of the Directors, except for Dr. Wong Shu Wing, who resigned on 1 March 2010, had left prior to the appointment of the Provisional Liquidators, the Provisional Liquidators are unable to comment whether there has been any non-compliance with the required standard in the Model Code for dealing in the securities of the Company for the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

As detailed in note 2 to this result announcement, most of the books and records of the Group had been lost prior to the appointment of the Provisional Liquidators.

Given that (i) Messrs, Tso Shiu Kei, Vincent, Young Meng Cheung, Andrew and Poon Ka Lee, Barry have been appointed as independent non-executive Directors on 12 October 2009 and have not involved in the management of the Company and its subsidiaries, and (ii) Dr. Wong, who was an executive Director and chairman of the Company, resigned on 1 March 2010, the Provisional Liquidators were unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year under review.

REVIEW OF THE FINAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of this final results announcement have been agreed by the Group's auditor, ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2009. The work performed by ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ANDA CPA Limited on the final results announcement.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.equitynet.com.hk/2336.

SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended at the request of the Company on 2 December 2008 and will remain suspended until further notice.

For and on behalf of
Sunlink International Holdings Limited
(Provisional Liquidators Appointed)
Stephen Liu Yiu Keung
David Yen Ching Wai
Joint and Several Provisional Liquidators
who act without personal liabilities

Hong Kong, 17 June 2010

As at the date of this announcement, the Board comprises three independent non-executive Directors, namely Mr. Tso Shiu Kei, Vincent, Mr. Young Meng Cheung, Andrew and Mr. Poon Ka Lee, Barry.

* *For identification purpose only*