SUNLINK INTERNATIONAL HOLDINGS LIMITED
科浪國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2336)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "Board") of Sunlink International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2011, which have been agreed with the Group's auditor, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Turnover	5 & 6	**304,689**	178,481
Cost of sales		**(277,983)**	(165,840)
Gross profit		**26,706**	12,641
Other income	7	**1,478**	31
Selling expenses		**(2,619)**	(691)
Administrative expenses		**(12,184)**	(6,586)
Gain on deconsolidation of the subsidiaries		**–**	527
Other losses	8	**(24,697)**	(24,848)
Loss from operations		**(11,316)**	(18,926)
Finance cost	9	**(236)**	(114)
Loss before tax		**(11,552)**	(19,040)
Income tax expense	10	**(2,733)**	(640)
Loss for the year	11	**(14,285)**	(19,680)

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Other comprehensive income/(expenses) after tax:			
Exchange differences on translating foreign operations		**541**	28
Exchange differences released from deconsolidation of the subsidiaries		**–**	(162)
Other comprehensive income/(expenses) for the year, net of tax		**541**	(134)
Total comprehensive expenses for the year		**(13,744)**	(19,814)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(15,993)**	(20,128)
Non-controlling interests		**1,708**	448
		(14,285)	(19,680)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(15,693)**	(20,269)
Non-controlling interests		**1,949**	455
		(13,744)	(19,814)
Loss per share	13		
Basic and diluted (HK cent(s) per share)		**(0.86)**	(1.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**4,060**	88
Investment in an associate		**–**	–
		4,060	88
Current assets			
Inventories		**23,797**	7,450
Trade and bill receivables	14	**79,995**	25,493
Prepayments, deposits and other receivables		**3,460**	3,034
Bank and cash balances		**10,365**	1,631
		117,617	37,608
Current liabilities			
Trade payables	15	**41,488**	8,507
Accruals, other payables and deposits received	16	**52,111**	29,804
Due to deconsolidated subsidiaries		**27,410**	27,410
Due to a non-controlling shareholder of a subsidiary		**2,388**	–
Current tax liabilities		**4,313**	2,578
Financial guarantee liabilities	17	**281,241**	256,544
		408,951	324,843
Net current liabilities		**(291,334)**	(287,235)
NET LIABILITIES		**(287,274)**	(287,147)
Capital and reserves			
Share capital		**186,478**	186,478
Reserves		**(489,773)**	(474,080)
Deficiency of equity attributable to owners of the Company		**(303,295)**	(287,602)
Non-controlling interests		**16,021**	455
DEFICIENCY OF TOTAL EQUITY		**(287,274)**	(287,147)

Notes:

1. **General information**

The 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. Its subsidiaries are principally engaged in the (i) sale of semiconductors and related products business; and (ii) development and provision of electronic turnkey device solutions business (except those subsidiaries which had been transferred out of the Group on 23 February 2012 as explained in note 19(vi) below).

2. **Basis of preparation**

Completion of the restructuring of the Group and resumption 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 of Hong Kong Limited (the "Stock Exchange") at the request of the Company on 2 December 2008 after the winding up petition against the Company was presented to the High Court of Hong Kong Special Administrative Region (the "High Court") on 1 December 2008. 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 joint and several provisional liquidators (the "Provisional Liquidators") of the Company to take control and possession of the assets of the Company.

Since then, the Provisional Liquidators had commenced the implementation of the proposed restructuring of the Company. On 11 May 2009, an exclusivity agreement was entered into amongst Brilliant Capital International Limited (the "Investor" and now the "Controlling Shareholder"), Mr. Suen Cho Hung, Paul ("Mr. Suen", now the Chairman and an Executive Director of the Company), the Company and the Provisional Liquidators (the "Parties") to grant to the Investor an exclusivity to prepare and submit a resumption proposal to the Stock Exchange with the view to resume trading of the Company's shares.

After entering into the exclusivity agreement, with the assistance of the Investor, the Group had established certain special purpose vehicles to re-activate the sale of semiconductors and related products business and development and provision of electronic turnkey device solutions business. In addition, in June 2011, the Group completed a capital injection agreement pursuant to which Global Winner Enterprises Limited ("Global Winner"), a subsidiary of the Company, became interested in 52.38% of the registered capital of 佛山聯創華聯電子有限公司 (literally translated as Foshan Lianchuang Hualian Electronics Company Limited) ("Foshan Lianchuang Hualian"). Through this capital injection, the Group further expanded its development and provision of electronic turnkey device solutions business.

On 30 September 2011, a formal restructuring agreement was entered into amongst the Parties to implement the proposed restructuring of the Company which included, inter alia, (i) capital restructuring; (ii) open offer; (iii) subscription of new shares; (iv) issue of creditors shares; (v) issue of creditors convertible bonds; (vi) implementation of the scheme of arrangement; and (vii) group reorganisation. On 23 February 2012, the proposed restructuring was completed. On 24 February 2012, the Provisional Liquidators were discharged and the petition for winding up of the Company was dismissed by the High Court. Upon the grant from the Stock Exchange, trading in the shares of the Company was resumed on 28 February 2012.

Going concern

The Group incurred a loss attributable to owners of the Company of approximately HK$15,993,000 for the year ended 31 December 2011 (2010: approximately HK$20,128,000) and as at 31 December 2011, the Group had net current liabilities of approximately HK$291,334,000 (2010: approximately HK$287,235,000) and net liabilities of approximately HK$287,274,000 (2010: approximately HK$287,147,000).

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the Investor (now the Controlling Shareholder), at a level sufficient to finance the working capital requirements of the Group. Upon completion of the restructuring of the Company on 23 February 2012, it is expected that the Group will be able to attain a net assets financial position. Before that date, the Investor has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

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

4. Significant accounting policies

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 Rules Governing the Listing of Securities on the Stock Exchange 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 two reportable segments as follows:

– Sale of semiconductors and related products business

– Development and provision of electronic turnkey device solutions business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately for the purpose of resources allocation and performance assessment.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, gain on deconsolidation of the subsidiaries, other losses, gain on bargain purchase, finance cost and income tax expense.

Information about reportable segment profit or loss:

	Sale of semiconductors and related products business		**Development and provision of electronic turnkey device solutions business**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December						
Revenue from external customers	**197,944**	147,506	**106,745**	30,975	**304,689**	178,481
Segment profit before finance cost and income tax expense	**7,045**	6,943	**12,579**	3,477	**19,624**	10,420
Interest income	**–**	1	**71**	–	**71**	1
Interest expense	**236**	114	**–**	–	**236**	114
Depreciation	**4**	3	**292**	4	**296**	7
Income tax expense	**1,200**	267	**1,533**	373	**2,733**	640
Capital expenditure	**4**	8	**793**	76	**797**	84

Reconciliations of reportable segment profit or loss are as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**19,624**	10,420
Unallocated amounts:		
Unallocated corporate expenses	**(6,751)**	(5,025)
Gain on deconsolidation of the subsidiaries	**–**	527
Other losses	**(24,697)**	(24,848)
Gain on bargain purchase	**508**	–
Loss from operations	**(11,316)**	(18,926)
Finance cost	**(236)**	(114)
Loss before tax	**(11,552)**	(19,040)

Geographical information:

	Turnover	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**284,847**	178,481
The People's Republic of China (the "PRC") except Hong Kong	**19,842**	–
Consolidated total	**304,689**	178,481

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

6. Turnover

The Group's turnover is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sale of semiconductors and related products	**197,944**	147,506
Development and provision of electronic turnkey device solution products	**106,745**	30,975
	304,689	178,481

7. Other income

	2011	2010
	HK$'000	*HK$'000*
Interest income	**71**	1
Gain on bargain purchase *(Note 18)*	**508**	–
Sundry income	**899**	30
	1,478	31

8. Other losses

	2011	2010
	HK$'000	*HK$'000*
Loss on financial guarantee liabilities *(Note 17)*	**24,697**	23,250
Impairment on amounts due from the deconsolidated subsidiaries	**–**	1,598
	24,697	24,848

9. Finance cost

	2011	2010
	HK$'000	*HK$'000*
Interest on loans	**236**	114

The interest expense of approximately HK$236,000 for the year ended 31 December 2011 (2010: approximately HK$114,000) was due to the loans from the Investor totalling HK$28,000,000 (2010: HK$15,000,000) which was included in the accruals, other payables and deposits received as at 31 December 2011, carrying an annual interest rate of 1%.

10. Income tax expense

	2011	2010
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2,600**	634
Under-provision in prior year	**–**	6
Current tax – Corporate Income Tax of the PRC		
Provision for the year	**133**	–
	2,733	640

Hong Kong Profits Tax has been provided at a rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year ended 31 December 2011.

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

11. Loss for the year

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

	2011	2010
	HK$'000	*HK$'000*
Auditor's remuneration		
Current year	**460**	360
Over provision in prior years	**–**	(167)
	460	193
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**6,270**	1,430
Retirement benefits scheme contributions	**289**	65
	6,559	1,495
Acquisition-related costs (included in administrative expenses)	**382**	–
Cost of inventories sold	**272,482**	156,578
Depreciation	**296**	7
Loss on disposals of property, plant and equipment	**15**	–
Operating lease charges on land and buildings	**962**	386

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$3,685,000 (2010: nil) which are included in the amounts disclosed separately above.

12. Dividends

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2011(2010: nil).

13. Loss per share

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$15,993,000 (2010: approximately HK$20,128,000) and the weighted average number of ordinary shares of 1,864,780,000 (2010: 1,864,780,000) in issue during the year.

Diluted loss per share

Diluted loss per share for the years ended 31 December 2011 and 2010 is the same as the basic loss per share as the Company did not have any dilutive potential ordinary shares during the two years.

14. Trade and bill receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 120 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 and bill receivables, based on the invoice date, and net of allowance, is as follows:

	2011	2010
	HK$'000	*HK$'000*
30 days or less	**23,203**	15,020
31 days to 60 days	**11,924**	7,262
61 days to 90 days	**7,696**	109
91 days to 120 days	**8,376**	2,896
Over 120 days	**28,796**	206
	79,995	25,493

The balance of trade and bill receivables included an amount of approximately HK$1,861,000 (2010: nil) in relation to bill receivables as at 31 December 2011.

As at 31 December 2011, trade receivables of approximately HK$28,796,000 (2010: approximately HK$206,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
Over 120 days	**28,796**	206

15. Trade payables

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

	2011	2010
	HK$'000	*HK$'000*
30 days or less	**10,918**	3,686
31 days to 60 days	**7,029**	3,250
61 days to 90 days	**3,522**	28
91 days to 120 days	**4,509**	–
Over 120 days	**15,510**	1,543
	41,488	8,507

16. Accruals, other payables and deposits received

	2011	2010
	HK$'000	*HK$'000*
Fee contribution *(Note (a))*	**11,000**	8,000
Loans from the Investor *(Note (b))*	**28,000**	15,000
Accruals, other payables and deposits received	**13,111**	6,804
	52,111	29,804

Notes:

(a) The fee contribution was received from the Investor according to the exclusivity agreement entered between the Investor, Mr. Suen, the Company and the Provisional Liquidators on 11 May 2009, it is non-interest bearing and repayable upon the following conditions:

(i) on completion of the proposed restructuring, fee contribution shall not transferred or dealt with under any scheme of arrangement used to implement the proposed restructuring or any restructuring agreement and will remain as a debt owed by the Company to the Investor and the Company shall apply the same towards the payment of subscription money payable by the Investor for the subscription of shares of the Company;

(ii) in the event that the Company is wound up or upon termination of the exclusivity agreement, the Company and the Provisional Liquidators agree that the fee contribution paid by the Investor shall be regarded as unsecured debts against the Company and will rank pari passu with all the Company's existing unsecured debts and liabilities as at the date of payment of the fee contribution in all respects; and

(iii) in the event that the Company is wound up or upon termination of the exclusivity agreement, and within 7 days after the date of termination, the Provisional Liquidators shall return the unused fee contribution to the Investor. The fee contribution once paid may be used by the Provisional Liquidators at their sole discretion to discharge any of the professional fees from time to time.

(b) The loans from the Investor totalling HK$28,000,000 (2010: HK$15,000,000) carries an annual interest rate of 1%, is repayable on the earlier of (i) the date of the completion of the proposed restructuring of the Company; (ii) the date following which the completion of the proposed restructuring has failed to take place; and (iii) the date on which the Investor notifies the borrower, Global Winner, an indirect subsidiary of the Company, that it does not wish to proceed with the proposed restructuring in the event that the resumption proposal or any application for review, revision or appeal has been rejected by the Stock Exchange, and is secured by a floating charge on all assets of Global Winner.

Upon the completion of the proposed restructuring of the Company on 23 February 2012, such fee contribution and loans from the Investor have been applied towards the payment of subscription money payable by the Investor for the subscription of shares of the Company by the Investor.

17. Financial guarantee liabilities

The Company provides corporate guarantees for all the bank loans and certain payables maintained by its subsidiaries which were deconsolidated from the consolidated financial statements of the Group since 1 July 2008, details of the deconsolidation have been disclosed in notes 2 and 10 to the consolidated financial statements of the Company for the year ended 31 December 2008. As such, the Company is liable to the financial guarantee liabilities of approximately HK$281,241,000 as at 31 December 2011 (2010: approximately HK$256,544,000). Liabilities of the Company have been discharged under the scheme of arrangement of the Company upon completion of the proposed restructuring on 23 February 2012.

18. Capital injection into a subsidiary

On 26 March 2010, Global Winner, 廈門華聯電子有限公司 (literally translated as Xiamen Hualian Electronics Company Limited) ("Xiamen Hualian") and Foshan Lianchuang Hualian entered into a capital increase agreement (which includes the supplemental capital increase agreement and second supplemental capital increase agreement executed on 15 June 2010 and 10 September 2010 respectively, collectively as the "Capital Increase Agreement") whereby, Global Winner had conditionally agreed to subscribe for an additional registered capital of RMB11,000,000 of Foshan Lianchuang Hualian for a cash consideration of RMB12,000,000. The Capital Increase Agreement was subsequently completed on 24 June 2011 (the "Completion Date") and since then, Foshan Lianchuang Hualian has become a sino-foreign joint venture enterprise which is owned as to approximately 52.38% by Global Winner.

The following summarizes the major classes of consideration transferred, fair value of identifiable assets acquired and liabilities assumed of Foshan Lianchuang Hualian at the Completion Date in relation to the capital injection:

Identifiable assets acquired and liabilities assumed:

	Fair value
	HK$'000
Property, plant and equipment	**3,401**
Inventories	**16,978**
Trade and bill receivables	**23,611**
Prepayments, deposits and other receivables	**1,630**
Bank and cash balances	**14,871**
Trade payables	**(18,908)**
Accruals, other payables and deposits received	**(4,655)**
Bank loan	**(3,610)**
Due to a non-controlling shareholder of a subsidiary	**(4,501)**
Current tax liabilities	**(222)**
Net assets	**28,595**
Gain on bargain purchase	**(508)**
Non-controlling interests	**(13,617)**
Total consideration satisfied by cash	**14,470**
Net cash inflow arising on capital injection into a subsidiary:	
Cash consideration paid	**(14,470)**
Bank and cash balances acquired	**14,871**
	401

The Group recognised a gain on bargain purchase of approximately HK$508,000 in the business combination. The gain is included in other income. The gain on bargain purchase is arising from the excess of share of the fair values of identifiable assets acquired and liabilities assumed over the consideration paid for the equity interest.

Foshan Lianchuang Hualian contributed approximately HK$19,842,000 and approximately HK$295,000 to the Group's turnover and profit for the year respectively for the period between the Completion Date of the capital injection and the end of the reporting period.

If the capital injection had been completed on 1 January 2011, the Group's turnover for the year would have been approximately HK$333,827,000, and loss for the year would have been approximately HK$13,702,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the capital injection been completed on 1 January 2011, nor is intended to be a projection of future results.

19. Events after the reporting period

As at 23 February 2012, all the conditions precedent to the restructuring agreement were satisfied and completion of the restructuring agreement took place. On 24 February 2012, the Provisional Liquidators were discharged and the petition for winding up of the Company was dismissed by the High Court. Details of completion of the restructuring agreement were disclosed in the Company's announcement dated 24 February 2012 and are summarized as follows:

(i) The capital restructuring

Completion of the capital restructuring took place on 20 January 2012. The capital restructuring included capital reduction, capital cancellation, share consolidation, share premium cancellation and increase in authorised share capital. Details of which were disclosed in the Company's circular dated 16 November 2011.

(ii) The subscription

Completion of the subscription took place on 23 February 2012. 750,000,000 subscription shares, representing approximately 70.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the subscription shares, the offer shares and the creditors shares, have been allotted and issued by the Company to the Investor at the subscription price of HK$0.20 per subscription share for an aggregate amount of HK$150,000,000 under the restructuring agreement.

(iii) The open offer

Completion of the open offer took place on 23 February 2012. 186,478,000 offer shares, representing approximately 17.43% of the total issued share capital of the Company as enlarged by the allotment and issue of the subscription shares, the offer shares and the creditors shares, have been allotted and issued by the Company to the qualifying shareholders who have accepted and paid for their offer shares and/or the placees of the underwriter at the subscription price of HK$0.20 per offer share for an aggregate amount of approximately HK$37,296,000 under the open offer.

(iv) The scheme

At the Grand Court of the Cayman Islands (the "Cayman Court"), hearing of the petition for the sanction of the scheme of arrangement was held on 19 January 2012 (Cayman Islands time) and the scheme of arrangement was sanctioned by the Cayman Court. At the High Court hearing held on 2 February 2012, the High Court also sanctioned the scheme of arrangement. As at 23 February 2012, the scheme of arrangement has already become effective.

(v) The creditors shares and the creditors convertible bonds

40,000,000 creditors shares, representing approximately 3.73% of the total issued share capital of the Company as enlarged by the allotment and issue of the subscription shares, the offer shares and the creditors shares, have been allotted and issued by the Company to the scheme administrators' nominee at the issue price of HK$0.20 per creditors share for an aggregate amount of HK$8,000,000 under the restructuring agreement.

The creditors convertible bond in the principal amount of HK$8,000,000 has been issued by the Company to the scheme administrators' nominee under the restructuring agreement.

(vi) The group reorganisation and discharge of the Provisional Liquidators

The excluded companies, including Sunlink Technologies Holdings Limited, its subsidiaries and associates, had been transferred out of the Group on 23 February 2012.

The Provisional Liquidators were discharged and the petition for winding up of the Company was dismissed by the High Court on 24 February 2012.

(vii) Resumption of trading in the shares of the Company

Upon the grant from the Stock Exchange, trading in the shares of the Company was resumed on 28 February 2012.

QUALIFIED INDEPENDENT AUDITOR'S REPORT

The Board 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 2011 has been qualified. An extract of the independent auditor's report that dealt with the qualifications is as follows:

"Basis for qualified opinion

1. Opening balances and corresponding figures

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2010 (the "2010 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 11 March 2011. Accordingly, we were then unable to form an opinion as to whether the 2010 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's results and cash flows for the year then ended.

2. Accruals, other payables and deposits received

   No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the accrual and other payables totalling approximately HK$372,000 as at 31 December 2011 as included in the accruals, other payables and deposits received of approximately HK$52,111,000 in the consolidated statement of financial position.

3. 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 2011 as included in the current tax liabilities of approximately HK$4,313,000 in the consolidated statement of financial position.

4. 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 2011.

5. Related party balances

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party balances as at 31 December 2011 as required by Hong Kong Accounting Standard 24 (Revised) “Related Party Disclosures”.

Any adjustments to the matters as described from points 1 to 5 above might have a consequential effect on the Group’s results for the two years ended 31 December 2010 and 2011, the Group’s cash flows for the two years ended 31 December 2010 and 2011 and the financial positions of the Group as at 31 December 2010 and 2011, and the related disclosures thereof in the consolidated financial statements.

Qualified opinion

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of the results and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.”

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: nil).

BUSINESS REVIEW

For the year ended 31 December 2011, the Group continued to grow in terms of turnover and gross profit. The Group reported a turnover of HK$304,689,000 (2010: HK$178,481,000), representing a strong increase of 71% from last year; and a gross profit of HK$26,706,000 (2010: HK$12,641,000), which also showing a significant rise of 111% over the previous year. The sharp increases in the Group’s turnover and gross profit were mainly attributed to the strong growth of the Group’s sale of semiconductors and related products business as well as the development and provision of electronic turnkey device solutions business.

When compared with the prior year, the turnover of the semiconductors and related products operation increased by 34% to HK$197,944,000 (2010: HK$147,506,000) which was mainly due to the expansion of customer base and the widened range of products the Group was capable to offer. The Group principally performs a supply and procurement function of semiconductors and related products for its customers mainly for applications in computer, consumer electronic and telecommunication products. In addition, the Group also sells used transmission equipment containing recyclable semiconductor components. The operation posted a segment profit of HK$7,045,000 (2010: HK$6,943,000) for the year under review, which increased by 1.5% compared to the previous year. The growth rate of the operation’s segment profit was less than that of turnover was mainly because of the additional selling expenses incurred to promote business and the change of sales mix of this business segment by grouping sales of customised semiconductors and related products which carry a higher profit margin under the business segment of development and provision of electronic turnkey device solutions business in the current year.

The Group's operation of development and provision of electronic turnkey device solutions continued to perform well. The turnover and segment profit of the operation jumped by 2.4 times and 2.6 times to HK$106,745,000 (2010: HK$30,975,000) and HK$12,579,000 (2010: HK$3,477,000) respectively when compared with the same in last year. The substantial increases in the operation's turnover and segment profit were mainly attributed to the management's successful efforts in promoting sales and the operation's product range by extending its engineering and design services for motherboards of netbook and notebook computers to tablet computers. In addition, the Group has further expanded the scale of this operation through a capital injection in Foshan Lianchuang Hualian in June 2011, which has become a 52.38% owned subsidiary of the Group. Foshan Lianchuang Hualian is an integrated electronic turnkey device solutions and one-stop services provider of microcontrollers for home electrical appliances including air conditioners, refrigerators, microwave ovens, electric rice cookers, water heaters. Microcontrollers produced by Foshan Lianchuang Hualian are mainly used for the remote, temperature, humidity, ignition and safety control functions of home electrical appliances and these components are supplied to home electrical appliances assembling companies for production of the end products. The completion of the capital injection in Foshan Lianchuang Hualian which has become a subsidiary of the Group contributed to the increases in fixed assets, inventories, trade receivables and payables of the Group when compared to the previous financial year end.

The Group recorded a loss attributable to owners of the Company of HK$15,993,000 (2010: HK$20,128,000) for the current year, representing a significant decrease of 21% when compared with last year, whereas loss per share was 0.86 cent, compared to 1.08 cents in the prior year. The loss incurred by the Group was mainly attributed to the loss on financial guarantee liabilities of HK$24,697,000 (2010: HK$23,250,000) and restructuring costs of HK$6,572,000 (2010: HK$5,021,000) incurred during the year. Nevertheless, the loss attributable to owners of the Company was partly offset by the gain on bargain purchase of HK$508,000 (2010: nil) arising from the capital injection in Foshan Lianchuang Hualian in June 2011.

The financial guarantee liabilities represented the corporate guarantees provided by the Company for all bank loans and certain payables of its subsidiaries which had been deconsolidated from the Group's financial statements since 1 July 2008 and were transferred out of the Group on 23 February 2012 pursuant to a group reorganisation. These financial guarantee liabilities of the Company were discharged under a scheme of arrangement with the Company's creditors which has become effective on 23 February 2012 and no further related liabilities will be incurred by the Company after that date. If the effect of such loss on financial guarantee liabilities, restructuring costs and gain on bargain purchase were excluded from the Group's results, the Group would have reported a profit attributable to owners of the Company of HK$14,768,000 for the year ended 31 December 2011. The encouraging operating results achieved by the Group reflects the efforts of the management in expanding the Group's customer base and business scale, widening its range of products and services as well as increasing its sales volume and profit margin.

PROSPECTS

Through the successful completion of subscription and open offer of new shares in February 2012, the capital base and the financial position of the Group have been substantially strengthened and new working capital of approximately HK$93 million has been obtained for the continuation as well as future expansion of the Group's business.

In view that no further financial guarantee liabilities will be incurred by the Company after the scheme of arrangement has become effective as mentioned above, and that the Group's businesses have recorded encouraging growth during 2011 and this growth trend is expected to continue in 2012 supported by the new capital raised, the management is optimistic about the financial performance of the Group in 2012.

Looking ahead, the Group will continue to look for business opportunities aiming to enlarge the Group's scale of operation and increase profitability. Furthermore, the Group will also seize investment opportunities aiming to expand its business portfolio in order to capture the development and trends of the electronic components market.

CORPORATE GOVERNANCE

During the year ended 31 December 2011, the Company was under the control of the Provisional Liquidators and a full board of directors was not constituted. As such, the Board is unable to comment as to whether the Company had complied with the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2011. However, after progressive adoption of procedures to ensure compliance with the CG Code since the resumption of trading in the shares of the Company, the Board is not aware of any matters that would reasonably indicate that the Company has not been in compliance with the CG Code as of the date of this announcement.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2011 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

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

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

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.equitynet.com.hk/2336). The annual report of the Company for the year ended 31 December 2011 will be despatched to shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
Sue Ka Lok
Chief Executive Officer

Hong Kong, 28 March 2012

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer) and Mr. Lai Ming Wai; and three Independent Non-executive Directors, namely Mr. Sun Ka Ziang, Henry, Mr. Chiang Bun and Ms. Wong Wai Yin, Viola.

* *For identification purpose only*