Global Flex Holdings Limited
佳邦環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 471)

2009 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. WONG Chau Chi *(Chairman)*

Non-executive Directors

Dr. Hui LIU *(Vice-chairman)*
Mr. CHOU Tsan-Hsiung
Mr. YANG Yi
Dr. LI Jun

Independent Non-executive Directors

Mr. WANG Wei-Lin
Mr. YU Kam Kee Lawrence BBS, MBE, JP
Mr. Shan LI

MEMBERS OF AUDIT COMMITTEE

Mr. Shan LI *(Chairman)*
Mr. CHOU Tsan-Hsiung
Mr. YU Kam Kee Lawrence BBS, MBE, JP

MEMBERS OF REMUNERATION COMMITTEE

Mr. WANG Wei-Lin *(Chairman)*
Mr. CHOU Tsan-Hsiung
Mr. YU Kam Kee Lawrence BBS, MBE, JP
Mr. Shan LI

COMPANY SECRETARY

Mr. CHEUNG Kai Cheong Willie, FCCA, CPA

AUTHORISED REPRESENTATIVES

Mr. WONG Chau Chi
Mr. CHEUNG Kai Cheong Willie

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISOR AS TO HONG KONG LAW

Chiu & Partners

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

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Website: www.gflex.com.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street, P.O. Box 705
George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Stock Code: 471

Chairman's Statement

Dear Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of Global Flex Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the year ended 31 December 2009 ("2009 Annual Report").

BUSINESS REVIEW

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in manufacturing and trading of printed circuit boards.

For the financial year ended 31 December 2009, the Group recorded a turnover of approximately US$4.6 million (2008: US$37.9 million), representing a decrease of 87.9% compared to the financial year ended 31 December 2008. The Group's loss for the year was approximately US$43.6 million (2008: US$75.1 million), loss per share was approximately US2.4 cents (2008: approximately US5.2 cents).

FUTURE PROSPECTS

The Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia businesses based on the China Mobile Multimedia Broadcasting ("CMMB") standard. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to the business partners, customers and employees of the Group and the shareholders ("Shareholders") of the Company for their supports. On behalf of the Directors, I would like to express of my sincerity to the Group's staffs for their dedication and contribution to the Group during this difficult financial year.

For and on behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2010

Management Discussion and Analysis

INDUSTRY REVIEW

Printed circuit boards, including flexible printed circuit boards ("FPC") and rigid printed circuit boards ("PCB"), are one of the fundamental components found in most electronic products such as mobile phones, digital cameras, computer products and consumer electronics products.

More and more FPC and PCB facilities are being established in China and FPC and PCB solution providers in China are becoming more competitive in the world.

BUSINESS/OPERATION REVIEW

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in manufacturing and trading of printed circuit boards.

On 9 March 2009, Global Flex (Suzhou) Co., Ltd ("Global Flex (Suzhou)"), a major subsidiary of the Company, has been granted approval from the Wuzhong Court ("Court") in Suzhou City, Jiansu Province of the People's Republic of China ("PRC") to undertake restructuring for the purpose of dealing with and settling its indebtedness. During the year, Global Flex (Suzhou) has been undergoing the above restructuring and it has massively cut costs, reduced debts, streamlined operations and sought new investment opportunities.

On 18 August 2009, Global Flex (Suzhou) has submitted a final restructuring plan (the "Plan") to the Court for the purpose of settling all or part of the liabilities of Global Flex (Suzhou) to its creditors. On 8 September 2009, the Plan was approved by the creditors of Global Flex (Suzhou) at the creditors' meeting. As a result, Global Flex (Suzhou) has:

(i) repaid a significant portion of debts to its creditors;

(ii) sought waiver on a significant portion of the remaining debts with its unsecured creditors;

(iii) deferred repayment of all remaining debts to three years after the date of approval of the Plan by its creditors;

(iv) negotiated a five years term loans with the banks with repayment of the principal sum on the first day of the sixth year after the date of approval of the Plan by its creditors and the banks will maintain the original pledges of assets plus other assets of Global Flex (Suzhou) not previously pledged; and

(v) resumed normal business operations as a PCB producer in cooperation with the Group's strategic partner.

In the meantime, the Group has disposed certain property, plant and equipment in relation to the business of FPC solutions and discontinued these operations. After the completion of the aforesaid restructuring and disposal, the Group only engaged in manufacturing, trading and assembling of PCB.

FINANCIAL REVIEW

For the financial year ended 31 December 2009, the Group recorded loss for the year of approximately US$43.6 million as compared to loss for the year approximately US$75.1 million for the year ended 31 December 2008, representing a decrease of approximately 41.9%. Loss per share was approximately US2.4 cents (2008: approximately US5.2 cents) and net liabilities per share of the Company was approximately US0.4 cents (2008: net assets per share approximately US2.0 cents).

Turnover and gross loss margin

During the year, the turnover of the Group decreased by approximately US$33.3 million (87.9%) and the overall gross loss margin increased from approximately 63.9% for the year ended 31 December 2008 to approximately 102.2% for the year ended 31 December 2009. The decrease in turnover and decline in gross loss margin of the Group were mainly due to suspension of certain level of operation in a major subsidiary during the year and discontinuation of manufacturing, assembling and trading of FPC solutions.

Operating expenses

Distribution costs for the year ended 31 December 2009 significantly decreased by 85.7% to approximately US$0.2 million, as compared to that of approximately US$1.4 million for the year ended 31 December 2008. The significant decrease in distribution costs is mainly due to certain operations of the Group discontinued during the year.

The administrative expenses for the year ended 31 December 2009 increased by approximately 11.5% to approximately US$12.6 million as compared to that of approximately US$11.3 million for the year ended 31 December 2008.

Impairment loss on trade and other receivables for the year ended 31 December 2009 significantly decreased by approximately 97.5% to approximately US$0.4 million, as compared to that of approximately US$16.3 million for the year ended 31 December 2008. The Group has tighten the control to receive the order from its customers, therefore most of the current trade receivables were settled within their credit period. Impairment loss was made on certain trade and other receivables which are past due and their recoverability are in doubt.

Finance costs of the Group for the year ended 31 December 2009 significantly decreased by 70.2% to approximately US$1.4 million, as compared to that of approximately US$4.7 million for the year ended 31 December 2008. The significant decrease in finance costs is mainly due to significant repayments of bank loans during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had shareholders' deficits of approximately US$8.3 million as at 31 December 2009 and approximately shareholders' fund US$29.1 million as at 31 December 2008. Current assets amounted to approximately US$12.1 million mainly comprising bank balances and cash of approximately US$2.7 million, inventories of approximately US$0.7 million and trade and other receivables of approximately US$8.3 million. Current liabilities amounted to approximately US$14.0 million mainly comprising trade and other payables of approximately US$13.0 million.

As at 31 December 2009, the Group's current ratio is 0.9 (2008: 0.3) and the gearing ratio (a ratio of total loans to total assets) is 86.8% (2008: 33.0%).

As at 31 December 2009, the Group's bank loan balance is approximately US$23.6 million, all loans are fixed rate borrowings which carried interest rate at 4.78% per annum.

During the year, convertible loan notes with principal amounts of approximately HK$21.0 million (equivalent to approximately US$2.7 million) were converted into 719,175,000 shares ("Share(s)") of the Company of HK$0.01 each in the share capital of the Company at the conversion prices of HK$0.0292 per Share (after adjustment to conversion price from HK$0.10 per Share to HK$0.0292 per Share).

After the completion of the Restructuring, other payables of the Group amounted to approximately US$9.3 million were deferred to three years and bank borrowings of the Group with five-years terms amounted to approximately US$23.6 million have been negotiated with the banks. Both other payables and bank borrowings of the Group were classified under the non-current liabilities in the statement of consolidated financial position on page 30.

FOREIGN CURRENCY EXCHANGE RISK

Most of the Group's assets, liabilities and transactions are denominated in US$ and Renminbi ("RMB"). The management believes that foreign exchange risk does not affect the Group since RMB has generally appreciated comparing with US$ and its sales and purchases in RMB substantially hedged the risks of transactions in foreign currency. The management will continue to monitor any further changes in RMB exchange rate and would proactively take measures to minimise any adverse impact by the fluctuations of exchange rates on the Group. The Group did not make any other hedging arrangement in the two years ended 31 December 2009.

SEGMENT INFORMATION

As at 31 December 2009, detail segment information of the Group is set out in note 8 to the consolidated financial statements in this annual report.

EMPLOYEE BENEFITS

For the year ended 31 December 2009, average number of employees of the Group was approximately 900 (2008: approximately 4,000). For the year ended 31 December 2009, the Group's staff costs (including Directors' fees and emoluments) amounted to approximately US$3.4 million (2008: US$9.5 million). The remuneration policy of the Company is reviewed annually and is in line with the prevailing market practice. During the year under review, the Company has granted 107,333,333 share options to the Directors and employees of the Group under the share option scheme of the Company adopted on 5 July 2005.

The employees of the Company's subsidiaries in the PRC are members of a state-managed social welfare scheme operated by the local government of the PRC. Under the scheme, the Group provides retirement, medical, employment injury, unemployment and maternity benefits to its employees in the PRC in accordance with the relevant PRC rules and regulations. The Group is required to contribute a specified percentage of their payroll costs to the social welfare scheme to fund the benefits. The only obligation of the Group with respect to the social welfare scheme is to make the specified contributions. During the year under review, the Group contributed approximately US$0.1 million (2008: US$0.4 million) to the scheme.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

On 30 July 2009, the Group entered into the sale and purchase agreements regarding the disposals ("Disposals") of its wholly owned subsidiary, Global Flex (Suzhou) Plant II Co., Ltd and certain machinery and equipment in relation to the business of FPC solutions with aggregated consideration of RMB199.5 million (equivalent to approximately US$29.2 million). The completion of the Disposals was taken place during October 2009. After the completion of the Disposal, the Group became a minority shareholder of the purchaser, namly Hi-P Flex Pte Ltd., and disposed all equity shares of Hi-P Flex Pte Ltd at consideration of RMB25 million (equivalent to approximately US$3.7 million) on 28 April 2010. Moreover, the Group continued to engage in the manufacturing, trading and assembling of PCB solutions and discontinued the manufacturing, assembling and trading of FPC solutions.

On 16 March 2010, the Board announced that the English name of the Company will be changed to "CMMB Vision Holdings Limited" and its Chinese name will be changed to "中國移動多媒體廣播控股有限公司". The Board estimated the aforesaid change of Company's names will be effective within May 2010. In the meantime, the Company is engaged in several strategic initiatives aimed at creating a vertically integrated mobile TV new media platform for business expansion. The progress is thus far in line with expectations.

CHARGE ON ASSETS

As at 31 December 2009, the Group pledged its properties, prepaid lease payments and available-for-sale investment amounted to approximately US$11.2 million, US$7.4 million and 3.7 million respectively (2008: US$43.1 million, US$1.8 million and Nil) to secure its bank and other borrowings.

CONTINGENT LIABILITIES

As at 31 December 2009, neither the Group nor the Company has any significant contingent liabilities (2008: Nil).

PROSPECTS

The Company has been pursuing opportunities arising from China's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia businesses based on the CMMB standard. The Company's goal is to develop into a mobile TV multimedia company, providing CMMB-based services, solutions, and innovations in China and in other markets around the world.

CMMB is China home grown mobile TV technology standard that provides terrestrial and satellite broadcast transmission to mobile devices, (e.g. smart-phones, car-mount TVs, GPS, PC TVs, etc.) with accompanying interactive multi-media services. The standard's principal founder is Dr. Hui Liu, the vice-chairman of the Company. The China Broadcasting Corporation, under the State Administration of Radio, Film and Television ("SARFT") commenced commercial CMMB services in 2010 and already operates the world's largest mobile television broadcasting network covering over 300 cities with more than 500 million inhabitants. CMMB is a key driver for China's 3-Way Network Convergence. China Mobile, the world's largest mobile networks operator, is preparing to roll-out its convergence TD-CMMB services, which packages TD-SDMA 3G voice, data and internet services with CMMB Mobile TV. The service is expected to commence in 2010 and with projected subscribers reaching well over 100 million within a few years. The Company will endeavour in China's CMMB and 3-Way Network Convergence developments, and it anticipates to have much closer working relationship with relevant government departments and major service operators there.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. WONG Chau Chi ("Mr. Wong"), aged 45, was appointed as an executive Director in May 2007. Mr. Wong is currently the chief executive officer of the Company and the Chairman of the Board (the "Chairman"). Mr. Wong is responsible for the overall business development operation strategy of the Group. Mr. Wong has extensive experience in the financial and business industry for 19 years. Previously, he has worked at Goldman Sachs, Citibank Group, BNP Paribas, McKinsey & Co, and GE in areas such as restructuring, derivatives, advisory, and financial management. Mr. Wong also serves as a director of Chi Capital Holdings Limited, a financial and investment advisory company in Hong Kong specialized in merger and acquisition and private equity. Mr. Wong had not held any position nor directorship in other listed companies in the three preceding years.

NON-EXECUTIVE DIRECTORS

Dr. Hui LIU ("Dr. Liu"), aged 41, was appointed as a non-executive Director in November 2009. Dr. Liu is the creator of China's home grown mobile TV technology CMMB. Dr. Liu is also one of the principal designers for China's home grown 3G system TD-SCDMA. He is the author of the first 6 key patents. Furthermore, Dr. Liu is the developer of the world's first OFDMA mobile cellular system in 2000 and holder of fundamental patents on WiMAX and 3G LTE networks. Dr. Liu is currently a professor of the University of Washington (Department of Electrical Engineering) in United States of America (the "USA"). In 1992, Dr. Liu graduated with Master Degree of Science of Portland State University in the USA. In 1995 he was awarded a degree of Doctor of Philosophy of Electrical and Computer Engineering from the University of Texas in the USA. After his graduation, he was a chief scientist of Cwill Telecomm in the USA. From 1995 -1998, Dr. Liu was an assistant professor of University of Virginia in the USA. Afterward, he was working in University of Washington in the USA, start as an assistant professor. In 2001, he became an associate professor and subsequently as a full professor since 2008. During on leave in between 2000 to 2002, he was the founder and chief executive officer of Broadstorm Technologies Inc. in the USA. Dr. Liu had not held any position nor directorship in other listed companies in the three preceding years.

Mr. YANG Yi ("Mr. Yang"), aged 46, was appointed as a non-executive Director in February 2007. Mr. Yang first graduated from the Beijing University with a Bachelor Degree of Art in International Politics in 1987 and was awarded a scholar of Japanese Education Ministry by the Tokyo University in the same year. In 1991, Mr. Yang was awarded a master degree of Art in Law & Diplomacy by Fletcher School of Law and Diplomacy, jointly administrated by Tufts University and Harvard University. Mr. Yang has about 22 years of experience in finance and human resources management. The major appointments and positions previously assumed by Mr. Yang include a financial analyst at the fixed income division of J.P. Morgan Securities (Tokyo), the vice president of the human capital management of Goldman Sachs LLP (New York), the principal of executive search in the financial industry of Korn/Ferry International (Hong Kong) and a managing director of A.T. Kearney Management Consultancy (Hong Kong). At present, Mr. Yang is the director and founder of G Bridge Limited, Hong Kong based human resources advisory firm. Mr. Yang had not held any position nor directorship in other listed companies in the three preceding years.

Mr. CHOU Tsan-Hsiung ("Mr. Chou"), aged 67, was appointed as an independent non-executive Director in June 2005 and was subsequently re-designated as a non-executive Director in September 2005. Mr. Chou graduated with a bachelor degree in Laws from the National Chengchi University and is a member of Taipei Bar Association. Mr. Chou is currently a practicing lawyer in the Best Truth Law Firm in Taiwan. Mr. Chou previously worked in the Legal Affairs Office of the Central Trust of China. Mr. Chou had not held any position nor directorship in other listed companies in the three preceding years.

Dr. LI Jun ("Dr. Li"), aged 48, obtained a doctorate degree of philosophy in Political Economy from Oxford University in the United Kingdom. He was a senior manager and director of a number of securities and investment companies in Hong Kong and had extensive experience in international financial market. Dr. Li is currently an independent non-executive director of Zhejiang Glass Company Limited (Stock code: 739) and Hong Long Holdings Limited respectively (Stock code: 1383). Dr Li was previously executive director of Superb Summit International Timber Company Limited (Stock code: 1228) until 10 February 2009 and Far East Golden Resources Group Limited (formerly known as Compass Pacific Holdings Limited) (Stock code: 1188) until 31 October 2007. Save as aforesaid, Dr. Li had not held any position nor directorship in other listed companies in the three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Wei-Lin ("Mr. Wang"), aged 38, was appointed as an independent non-executive Director in September 2005. Mr. Wang has obtained a degree in Juris Scientiae Doctoris (Doctor of Juridical Science) from the Washington University in St. Louis. Mr. Wang also graduated with a Master of Laws degree from the University of Pennsylvania and a bachelor degree in laws from the National Chengchi University. Mr. Wang is a certified attorney in Taiwan and the New York State of the United States of America. Mr. Wang is also a member of the Taipei Bar Association and American Bar Association. Mr. Wang is currently an assistant professor in Shih Hsin University School of Law （世新大學法學院助理教授）. Mr. Wang is currently an independent director of of YoungFast （洋華光電股份有限公司）, a company listed on the Taiwan Stock Exchange Corporation. Save as aforesaid, Mr. Wang had not held any position nor directorship in other listed companies in the three preceding years.

Mr. YU Kam Kee Lawrence BBS, MBE, JP ("Mr. Yu"), aged 64, was appointed as an independent non-executive Director in September 2008. Mr. Yu is currently an independent Non-executive Director of Great China Holdings Limited (Stock code: 141) and Evergranda Real Estate Group Limited (Stock code: 3333) and a senior advisor of China Renji Medical Group Limited (Stock code: 648). Mr. Yu was previously the Chairman of China Renji Medical Group Limited (Stock code: 648) until 18 April 2007, Wing On Travel (Holdings) Limited (Stock code: 1189) until 1 December 2007 and See Corporation Limited (Stock code: 491) until 1 October 2009, a non-executive Chairman of Trasy Gold Ex Limited (Stock code: 8063) until 1 October 2009 and an independent non-executive director of The Hong Kong Building and Loan Agency Limited (Stock code: 145). All the above seven companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Yu underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years of extensive experience in the garment industry as well as senior management experience. Mr. Yu is the Honorary Life President of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organizations, and is currently the Co-Chairman of the Campaign Committee of The Community Chest of Hong Kong, Director of the Hong Kong Football Association Limited, Governor of the Hong Kong Automobile Association and the Chairman of the Campaign Committee of The Road Safety Council. Save as aforesaid, Mr. Yu had not held any position nor directorship in other listed companies in the three preceding years.

Biographies of Directors and Senior Management

Mr. Shan LI ("Mr. Li"), aged 46, was appointed as a non-executive Director in October 2009 and re-designated to an independent non-executive Director in March 2010. Mr. Li graduated from School of Economics and Management of Tsinghua University with a BS degree in Management Information Systems in 1986, from University of California Davis with a MA degree in Economics in 1988, and from Massachusetts Institute of Technology with a PhD degree in Economics in 1993. After graduation, Mr. Li worked as an International Economist for Goldman Sachs & Co. In 1995, He became an Executive Director of Investment Research Department of Goldman Sachs (Asia), Executive Director for Investment Banking in Goldman Sachs International in London in 1997. From 1999 to 2001, Mr. Li was a Managing Director and the Head of China Investment Banking at Lehman Brothers. During 2001-2005, Mr. Li was the Chief Executive Officer for Bank of China International Holdings ("BOCI") in Hong Kong. Mr. Li has over 15 years of experience in investment banking and related financial management. At present, Mr. Li is a founding partner and Chief Executive Officer for San Shan (HK) Limited, an investment advisory company based in Hong Kong, Deputy Director of National Center of Economic Research of Tsinghua University, Director for Soufun.com and China Cablecom, and Vice-Chairman of China Overseas Returned Scholars Development Foundation in Beijing. Mr. Li was also a Director for 51job.com, a company listed on the Nasdaq and vice-chairman of UBS Investment Bank, a business division of UBS AG. Save as aforesaid, Mr. Li had not held any position nor directorship in other listed companies in the three preceding years.

SENIOR MANAGEMENT

Mr. LU Cheng Ming, Michael ("Mr. Lu"), aged 43, is the general manager of PCB Department. Mr. Lu joined the Group in August 2007. Mr. Lu graduated with a bachelor degree of Chemical Engineering from Taiwan National Cheng Ku University （台灣國立成功大學） Mr. Lu spent 11 years in Shenzhen Auto Cad PCB Company （至卓飛高） as a Vice General Manager.

Mr. LEE Hung To Andrew ("Mr. Lee"), aged 55, is the chief operating officer of the Group. Mr. Lee joined the Group in January 2010. Mr. Lee graduated from Massachusetts Institute of Technology with MS and BS degrees in Chemical Engineering in 1982 and from Haas School of Business, University of California, Berkeley with a MBA degree in Finance in 1988. Mr. Lee has extensive experience in the development and manufacturing for the industry of telecommunication and electronic application for over 25 years. Mr. Lee's responsibilities will be overseeing all operating business in the Group, developing and implementing strategic and operating plans.

Dr. SHAN Yeliang ("Dr. Shan"), aged 52, is the vice president of sales and marketing of the Group. Dr. Shan joined the Group in February 2010. Dr. Shan holds Ph.D and MS Degrees from Florida Tech as well as MSEE and BSEE Degrees from Tsinghua University. Dr. Shan has 20 years senior SMBD and P&L experiences in semiconductor, digital TV and satellite communication industries. Dr. Shan will be responsible for implement and monitor the sales and marketing of the Group's future businesses under the umbrella of the CMMB.

Mr. William Patrick KRUEGER ("Mr. Krueger"), aged 50, is the chief development officer of the Group. Mr. Krueger joined the Group in March 2010. Mr. Krueger received both his MBA and BSc degrees from Northwestern University in 1986 and 1981 respectively. Mr. Kruger has 13 years experience in China building business, raising capital, managing assets and advising companies. Mr. Krueger will be responsible for developing the value chain of CMMB-based products and services across all relevant markets and segments.

In light of various amendments to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), particularly Appendix 14 thereto, which became effective on 1 January 2009, on 24 April 2009, the Company adopted the Code Provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules with retrospective effect from 1 January 2009. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the Shareholders and enhancing the performance of the Group. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable Code Provisions of the CG Code throughout the year ended 31 December 2009 except that the Company has been deviated from the Code Provision A.2.1 of the CG Code, as the roles of Chairman and chief executive officer of the Company were not separate. With effect on 19 May 2008, Mr. Wong Chau Chi ("Mr. Wong") had been re-designated as the Chairman and Mr. Wong also remains as the chief executive officer of the Company. According to the Code Provision A.2.1 of the CG Code, the roles of a chairman and a chief executive officer should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in 2007, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would be beneficial of the Group if Mr. Wong is also in charge of overseeing the Company's operations as the Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

In addition, under Code Provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment. Mr. Yu Kam Kee Lawrence ("Mr.Yu") was appointed as an independent non-executive Director with effect from 30 September 2008. The first general meeting after Mr. Yu's appointment was the EGM held on 19 January 2009. According to the above Code Provision A.4.2, Mr. Yu should have been subject to election by Shareholders at the said EGM. However, due to inadvertent oversight, Mr. Yu was re-elected at the annual general meeting (the "AGM") of the Company held on 30 June 2009, being the third general meeting of the Company after his appointment.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In light of various amendments to the Listing Rules, particularly the Model Code, on 24 April 2009, the Company adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code. All the Directors confirmed, following specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code and the code of conduct throughout the year ended 31 December 2009.

BOARD OF DIRECTORS

Composition and role

The Board during the year and up to the date of this report comprises:

Executive Directors	Wong Chau Chi *(Chairman)*	
	Lin Cheng Hung	(resigned with effect from 30 June 2009)
	Hsu Chung	(resigned with effect from 30 June 2009)
	Huang Lien Tsung	(resigned with effect from 30 June 2009)
Non-executive Directors	Hui Liu *(Vice-chairman)*	(appointed with effect from 9 November 2009)
	Chou Tsan-Hsiung	
	Yang Yi	
	Li Jun	
	Nguyen Duc Van	(resigned with effect from 30 June 2009)
Independent non-executive Directors	Wang Wei-Lin	
	Yu Kam Kee Lawrence	
	Shan Li	(appointed as a non-executive Director with effect from 5 October 2009 and re-designated as an independent non-executive Director with effect from 2 March 2010)
	Chow Chi Tong	(resigned with effect from 30 June 2009)

As at 31 December 2009, the Board comprised one executive Director (also the Chairman) and seven non-executive Directors (one of whom is the vice-chairman of the Company). Of the seven non-executive Directors, two of them are independent non-executive Directors which represent about a quarter of the Board. On 2 March 2010, Mr. Shan Li was re-designated as an independent non-executive Directors, who possesses appropriate professional accounting qualifications and financial management expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations. With a wide range of expertise and a balance of skills, the non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee work.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and the Board considers such Directors are independent. The independent non-executive Directors are explicitly identified in all corporate communications.

During the year up to the conclusion of the AGM held on 30 June 2009, the Company has complied with the provisions of 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive Directors have been appointed and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise. However, with effect from the conclusion of the AGM held on 30 June 2009, Mr. Chow Chi Tong ("Mr. Chow") has retired as independent non-executive Director. Mr. Chow has also retired as the chairman of the audit committee ("Audit Committee") of the Company with effect from the same date. Following the retirement of Mr. Chow, the Company only has two independent non-executive Directors, namely Mr. Wang Wei-Lin and Mr. Yu Kam Kee Lawrence and does not meet the requirements under Rule 3.10(1) and Rule 3.10(2) of the Listing Rules. The Company has already identified a suitable candidate as a new independent non-executive Director, who has appropriate professional qualifications or accounting or related financial management expertise. As the candidate's qualifications, experiences and background were still under review by the Board even after 30 September 2009, the Company does not meet the requirement under Rule 3.11 of the Listing Rules. On 2 March 2010, the Board has re-designated Mr. Shan Li from non-executive Director to an independent non-executive Director and he was also appointed as the chairman of the Audit Committee with effect from the same date according to the provision of Rule 3.21 of the Listing Rules.

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for the Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its Directors.

The Board meets regularly throughout the year and up to date of this annual report to review the overall business, financial and technical strategy and to monitor the financial performance of the Group while the senior management are delegated to supervise the day-to-day management and operation of the Group and the execution of the plans of the Group as approved by the Board. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting in consultation with all Directors. Notices of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the Board meetings. Draft minutes of all Board meetings are circulated to all Directors for comment within a reasonable time prior to endorsement.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

There is no relationship (including financial, business, family or other material relevant relationship) among members of the Board.

During the year, eighteen Board meetings were held and the individual attendance of each Director is set out below:

Name of Director	Number of Board meetings attended	Attendance rate
Wong Chau Chi *(Chairman)*	18/18	100%
Lin Cheng Hung (resigned with effect from 30 June 2009)	0/6	0%
Hsu Chung (resigned with effect from 30 June 2009)	3/6	50%
Huang Lien Tsung (resigned with effect from 30 June 2009)	3/6	50%
Hui Liu *(Vice-chairman)* (appointed with effect from 9 November 2009)	1/3	33%
Chou Tsan-Hsiung	5/18	28%
Nguyen Duc Van (resigned with effect from 30 June 2009)	3/6	50%
Yang Yi	18/18	100%
Li Jun	6/18	33%
Shan Li (appointed with effect from 5 October 2009)	1/6	17%
Wang Wei-Lin	5/18	28%
Chow Chi Tong (resigned with effect from 30 June 2009)	3/6	50%
Yu Kam Kee Lawrence	3/18	17%

Chairman and Chief Executive Officer

During the year under review, Mr. Wong Chau Chi served as the Chairman and the chief executive officer of the Company. The Chairman is responsible for the overall business development operation strategy of the Group. The chief executive officer of the Company is responsible for financial and administration management and investment issue of the Group.

Terms of appointment of non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year. The term of each of the non-executive Directors and the independent non-executive Directors shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of their then current term of appointment, subject to retirement by rotation and re-election at the AGM pursuant to its Articles of Association (the "Articles") unless terminated by not less than three months notice in writing served by either the respective non-executive Director or independent non-executive Director expiring at the end of the initial term or at any time thereafter.

AUDIT COMMITTEE

The Audit Committee was established in July 2005 with written terms of reference adopted by reference to the code provisions of the CG Code and its members include:

Mr. Shan Li *(Chairman of the Audit Committee)* (appointed with effect from 2 March 2010)
Mr. Chou Tsan-Hsiung
Mr. Yu Kam Kee Lawrence
Mr. Chow Chi Tong (resigned with effect from 30 June 2009)

The majority of the Audit Committee members are independent non-executive Directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee. The composition and members of the Audit Committee comply with the requirements under the Rule 3.21 of the Listing Rules as at 31 December 2009. The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. The Audit Committee also oversees the audit process and performs other duties as assigned by the Board.

The Audit Committee meets regularly to review the reporting of financial and other information to the Shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditor in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditor.

The Audit Committee has reviewed the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, and has reviewed the consolidated financial statements for the year ended 31 December 2009.

During the year ended 31 December 2009, two Audit Committee meetings were held and the individual attendance of each member is set out below:

Name of Director	Number of committee meetings attended	Attendance rate
Mr. Shan Li	0/0	N/A
Mr. Chou Tsan-Hsiung	2/2	100%
Mr. Yu Kam Kee Lawrence	2/2	100%
Mr. Chow Chi Tong	0/1	0%

In light of various amendments to the Listing Rules, particularly Appendix 14 thereto, which became effective on 1 January 2009, on 24 April 2009, the Company adopted a revised written terms of reference of the Audit Committee with reference to the corresponding changes made to the code provisions of the CG Code on 1 April 2009 with retrospective effect from 1 January 2009.

With effect from the conclusion of the AGM held on 30 June 2009 following the retirement of Mr. Chow Chi Tong, the Audit Committee only has two members, namely Mr. Chou Tsan-Hsiung, a non-executive Director and Mr. Yu Kam Kee Lawrence, an independent non-executive Director, and does not meet the requirements under Rule 3.21 of the Listing Rules. As at 31 December 2009, given the only Audit Committee member who is also an independent non-executive Director does not have the requisite qualifications under Rule 3.10(2) of the Listing Rules, the Audit Committee does not have a chairman for the time being as required under Rule 3.21 of the Listing Rules. The Company has already identified a suitable candidate as a new chairman of the Audit Committee. As the candidate's qualifications, experiences and background were still under review by the Board even after 30 September 2009, the Company does not meet the requirement under Rule 3.23 of the Listing Rules. On 2 March 2010, Mr. Shan Li was appointed as the chairman of the Audit Committee according to the provision of Rule 3.21 of the Listing Rules.

REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") of the Company was established in July 2005 and its members include:

Mr. Wang Wei-Lin *(Chairman of the Remuneration Committee)*
Mr. Chou Tsan-Hsiung
Mr. Yu Kam Kee Lawrence
Mr. Shan Li (appointed with effect from 2 March 2010)
Mr. Chow Chi Tong (resigned with effect from 30 June 2009)

The majority of the Remuneration Committee members are independent non-executive Directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of the Directors and senior management of the Group. The Remuneration Committee ensures that no Director or any of his associates is involved in deciding his own remuneration.

In determining the emolument payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions of the Group and the desirability of performance-based remuneration.

The Remuneration Committee meets regularly to determine the policy for the remuneration of the Directors and assesses performance of the executive Directors and certain senior management of the Group. During the year ended 31 December 2009, one Remuneration Committee meeting was held, the individual attendance of each member is set out below:

Name of Director	Number of committee meeting attended	Attendance rate
Mr. Wang Wei-Lin	1/1	100%
Mr. Chou Tsan-Hsiung	1/1	100%
Mr. Yu Kam Kee Lawrence	0/1	0%
Mr. Shan Li	0/0	N/A
Mr. Chow Chi Tong	0/1	0%

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The Company has not established a nomination committee. The Company currently does not have any plans to set up a nomination committee.

The Chairman is responsible for identifying suitable candidates to the members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of their qualifications, experiences and background.

During the year 2009, two of the Board meetings were held in relation to the nomination of Directors. In such Board meetings, the Board has reviewed the qualification, experience and background of the relevant candidates. Then the Board approved the appointments of the suitable candidates as Directors after thorough discussion.

AUDITOR'S REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by the auditor to the Group for the year ended 31 December 2009 is summarised as below:

Services	Remuneration (US$)
Audit services	148,387
Significant non-audit service (in connection with the preparation of accountant's report relating to the very substantial disposal of the Group as announced on 5 August 2009)	141,935
	290,322

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of the Shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial and operational functions.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of its results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2009, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent, fair and reasonable; and prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable the preparation of the consolidated financial statements in accordance with the Hong Kong Companies Ordinance.

AUDITOR'S STATEMENT

The auditor of the Company acknowledges its responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2009.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with the Shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update the investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive Directors and designated senior executives according to established practices and procedures of the Company.

For and on behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2010

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 28 of the 2009 Annual Report of which this report forms part.

The Directors did not recommend payment of any final dividend to the Shareholders for the year ended 31 December 2009.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred capital expenditures of approximately US$0.2 million on new machinery and equipment. Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

On 29 April 2009, the nominal value of each Share in issue was reduced from HK$0.10 to HK$0.01 and the paid-up capital was cancelled to the extent of HK$0.09 for each Share in issue and the sub-division of unissued Shares. During the year, the Company received notices of conversion from the holders of zero coupon convertible loan notes to convert the convertible loan notes in the aggregated principal amount of approximately HK$21.0 million (equivalent to approximately US$2.7 million) into 719,175,000 Shares at the conversion price of HK$0.0292 per Share. These Shares rank pari passu in all aspect with other Shares in issue. Details of these and other movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

CONVERTIBLE LOAN NOTES

Details of convertible loan notes of the Company are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company did not have reserves in the aggregate available for distribution to the Shareholders as at 31 December 2009. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company amounted to approximately US$19.3 million as at 31 December 2009 is available for distributions to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

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

Executive Directors

Mr. Wong Chau Chi *(Chairman)*	
Mr. Lin Cheng Hung	(resigned with effect from 30 June 2009)
Mr. Hsu Chung	(resigned with effect from 30 June 2009)
Mr. Huang Lien Tsung	(resigned with effect from 30 June 2009)

Non-executive Directors

Dr. Hui Liu *(Vice-Chairman)*	(appointed with effect from 9 November 2009)
Mr. Chou Tsan-Hsiung	
Mr. Yang Yi	
Dr. Li Jun	
Mr. Nguyen Duc Van	(resigned with effect from 30 June 2009)

Independent non-executive Directors

Mr. Wang Wei-Lin	
Mr. Yu Kam Kee Lawrence	
Mr. Shan Li	(appointed as a non-executive Director with effect from 5 October 2009 and re-designated as an independent non-executive Director with effect from 2 March 2010)
Mr. Chow Chi Tong	(resigned with effect from 30 June 2009)

In accordance with Article 108(A) of the Articles, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly Mr. Wong Chau Chi, Mr. Chou Tsan-Hsiung, Mr. Yang Yi and Mr. Wang Wei-Lin will retire from the office and, being eligible, offer themselves for re-election at the AGM to be held in year 2010.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 December 2009, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Ordinary shares

Name of Director	Name of corporation	Capacity/ nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong Chau Chi	The Company	Beneficial owner	22,500,000	0.97%
		Interest of controlled corporation (Note)	115,697,500	5.01%

Note: These Shares are registered under the name of Chi Capital Holdings Limited ("Chi Capital"), a company wholly owned by Mr. Wong Chau Chi and he was the sole shareholder and director of Chi Capital. Under the SFO, Mr. Wong Chau Chi was deemed to be interested in all the Shares held by Chi Capital.

(b) Share options

Name of Director	Capacity/ nature of interest	Number of options held	Number of underlying shares
Mr. Wong Chau Chi	Beneficial owner	22,500,000	22,500,000
Dr. Hui Liu	Beneficial owner	10,000,000	10,000,000
Mr. Chou Tsan-Hsiung	Beneficial owner	10,000,000	10,000,000
Mr. Yang Yi	Beneficial owner	20,000,000	20,000,000
Dr. Li Jun	Beneficial owner	10,000,000	10,000,000
Mr. Wang Wei-Lin	Beneficial owner	2,000,000	2,000,000
Mr. Yu Kam Kee Lawrence	Beneficial owner	2,000,000	2,000,000
Mr. Shan Li	Beneficial owner	10,000,000	10,000,000
		86,500,000	86,500,000

All the interests disclosed above represent long positions in the Shares and underlying shares of the Company.

Other than as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions, whether beneficial or non-beneficial, in any Shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2009 as required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 5 July 2005. During the year ended 31 December 2009, 255,833,333 share options were granted and no share option was exercised under the Scheme. Particulars of the Schemes and details of the movements during the year in the share options of the Company are set out in note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in note 31 to the consolidated financial statements, 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the register of the Company's substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following Shareholders had notified the Company of their relevant interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation.

Name of shareholder	Capacity/ nature of interest	Number of ordinary shares (Note 1)	Percentage of the issued share capital
Hansom Group Limited (Note 2)	Beneficial owner	479,450,000(L)	20.76%
Goodluck Overseas Limited (Note 2)	Interest of controlled corporation	479,450,000(L)	20.76%
Zhou Qingzhi (Note 2)	Interest of controlled corporation	479,450,000(L)	20.76%
Shikumen Special Situations Fund (Note 3)	Beneficial owner	239,725,000(L)	10.38%
Lau Jeffrey Chun Hung (Note 3)	Interest of controlled corporation	239,725,000(L)	10.38%
Tang Yu Ming, Nelson (Note 3)	Interest of controlled corporation	239,725,000(L)	10.38%

Notes:

1. The letter "L" denotes the persons' long positions in the Shares.

2. These represent the same parcel of Shares. Zhou Qingzhi is deemed to be interested in these shares by virtue of his 64.25% interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in these shares by virtue of its 100% interest in Hansom Group Limited.

3. These represent the same parcel of Shares. Tang Yu Ming, Nelson and Lau Jeffrey Chun Hung are deemed to be interested in these shares by virtue of their 52.00% and 34.70% interests in Shikumen Special Situations Fund respectively.

Other than as disclosed above, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in any Shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2009.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 63.6% and 98.1% of the Group's turnover respectively. Aggregate purchases attributable to the Group's five largest suppliers were less than 75% of total purchases. The largest supplier of the Group accounted for approximately 65.3% of the Group's total purchases.

At no time during the year did a Director, an associate of a Director or any Shareholders (which to the best knowledge of the Directors had more than 5% interests in the Company) had an interest in any of the Group's five largest customers or suppliers.

CONNECTED TRANSACTIONS

Neither the Group nor the Company has any connected transactions and/or continuing connected transactions as defined under Chapter 14A of the Listing Rules during the year under review. The related party transactions disclosed in note 41 to the financial statements are exempted continuing connected transactions.

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any interests in competing business of the Group which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the best knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Directors consider that the Company has maintained a sufficient public float as required under the Listing Rules.

POST BALANCE SHEET EVENTS

Details of post balance sheet events of the Group and the Company are set out in note 43 to the consolidated financial statements in this annual report.

AUDITOR

Messrs. Deloitte Touche Tohmatsu have acted as auditor of the Company since its incorporation.

A resolution will be proposed in the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wong Chau Chi
Chairman
Hong Kong, 30 April 2010

Deloitte.
德勤

TO THE SHAREHOLDERS OF GLOBAL FLEX HOLDINGS LIMITED
（佳邦環球控股有限公司）
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Flex Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 96, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for qualified opinion paragraphs, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consoildated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

BASIS FOR QUALIFIED OPINION

(a) Impairment of property, plant and equipment

Included in the consolidated statements of financial position as at 31 December 2008 was property, plant and equipment with carrying amounts of US$98,919,683. As set out in the consolidated statement of comprehensive income, the Group incurred a loss of US$75,093,827 for the year ended 31 December 2008 and, these factors, together with the fact that the Group's production activities were suspended during that year, in our opinion, constituted indicators of impairment of the Group's property, plant and equipment. However, no impairment loss was recognised for the year ended 31 December 2008. We were unable to perform satisfactory audit procedures to satisfy ourselves that the recoverable amounts of the property, plant and equipment exceeded its carrying amounts as at 31 December 2008 and whether any impairment loss should have been recognised during the year ended 31 December 2008 in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the HKICPA. This caused us to qualify our audit opinion on the consolidated financial statements in respect of the year ended 31 December 2008. Furthermore, during the year ended 31 December 2009, the Group recognised an impairment loss on property, plant and equipment of US$12,047,166 and disposed of certain property, plant and equipment used for the production of flexible printed circuit boards and flexible printed circuit boards assembly (the "Transaction") at a loss of US$13,601,822 as detailed in notes 12 and 33 to the consolidated financial statements. However, due to limitation described above, we were unable to perform satisfactory audit procedures to determine whether the loss arising from the Transaction and the impairment loss on property, plant and equipment recognised during the year ended 31 December 2009 were free from material misstatements. Any adjustments found to be necessary would affect the Group's net assets as at 31 December 2008 and the Group's loss for the two years ended 31 December 2009 and 2008.

(b) Fair value and carrying amounts on convertible loan notes

Included in the consolidated statement of financial position as at 31 December 2008 were the liability component of convertible loan notes with carrying amount of US$2,736,489 and conversion option derivative with carrying amount of US$54,029 respectively. As detailed in note 25 to the consolidated financial statements, the convertible loan notes were fully converted into ordinary shares of the Company during the year ended 31 December 2009. The fair values of these components were determined on initial recognition by the directors of the Company. In addition, the carrying amounts of the conversion option derivative as at 31 December 2008 and the relevant dates of conversion of the convertible loan notes were also determined by the directors of the Company. However, we were unable to obtain sufficient evidence to satisfy ourselves as to whether the valuation methodology and the assumptions adopted by the directors of the Company in these valuations of the liability component of convertible loan notes and conversion option derivative on initial recognition and the valuation of the conversion option derivative as at 31 December 2008 and at the relevant dates of conversion were appropriate. There were no other alternative audit procedures that we could carry out to satisfy ourselves as to whether the liability component of convertible loan notes and the conversion option derivative are fairly stated on initial recognition and as at 31 December 2008 and at the relevant dates of conversion of the convertible loan notes in accordance with the requirements of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA. This caused us to qualify our audit opinion on the consolidated financial statements in respect of the year ended 31 December 2008. Any adjustments found to be necessary may have an effect on the Group's net assets as at 31 December 2008, the Group's share premium as at 31 December 2009 and the Group's loss for the two years ended 31 December 2009 and 2008, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient information concerning the matters as described in the basis of qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a loss of US$43,630,161 during the year ended 31 December 2009 and as at that date, the Group's liabilities exceeded its assets by US$8,338,628. As further detailed in note 2 to the consolidated financial statements, the Group has been implementing measures to improve its financial position, certain of which have not yet been completed. The Group's ability to continue as a going concern is dependent on the successful implementation of these measures. These conditions therefore indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 April 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	NOTES	2009 US$	2008 US$ (restated)
Continuing operations			
Revenue	8	**4,606,407**	37,946,468
Cost of sales		**(9,276,969)**	(62,135,752)
Gross loss		**(4,670,562)**	(24,189,284)
Other income	9	**728,536**	4,591,702
Distribution and selling expenses		**(187,803)**	(1,397,693)
Administrative expenses		**(12,632,391)**	(11,302,093)
Impairment loss on trade and other receivables, net		**(426,102)**	(16,316,331)
Impairment loss on available-for-sale investments		**(130,000)**	—
Impairment loss on property, plant and equipment		**(12,047,166)**	—
Loss on disposal on property, plant and equipment		**(733,273)**	(3,434,886)
Gain on debt restructuring	33	**12,092,387**	—
Gain on disposal of subsidiaries	34	**351,051**	—
Finance costs	10	**(1,410,177)**	(4,723,540)
Loss before taxation		**(19,065,500)**	(56,772,125)
Income tax credit	11	**178,026**	433,607
Loss for the year from continuing operations		**(18,887,474)**	(56,338,518)
Discontinued operations			
Loss for the year from discontinued operations	12	**(24,742,687)**	(18,755,309)
Loss for the year	13	**(43,630,161)**	(75,093,827)
Other comprehensive income			
Exchange differences arising on translation		**16,159**	5,471,512
Total comprehensive expense for the year		**(43,614,002)**	(69,622,315)
Loss per share	16		
From continuing and discontinued operations			
- Basic and diluted		**(0.0236)**	(0.0520)
From continued operations			
- Basic and diluted		**(0.0102)**	(0.0390)

Consolidated Statement of Financial Position

At 31 December 2009

	NOTES	**2009**	2008
		US$	US$
NON-CURRENT ASSETS			
Property, plant and equipment	17	**21,603,268**	98,919,683
Prepaid lease payments - non-current portion	18	**1,100,588**	2,561,246
Deposits paid for acquisition of property, plant and equipment		**—**	76,525
Available-for-sale investments	19	**3,676,678**	26,653
		26,380,534	101,584,107
CURRENT ASSETS			
Inventories	20	**671,800**	6,554,916
Trade and other receivables	21	**8,269,254**	14,773,501
Prepaid lease payments - current portion	18	**456,986**	478,213
Bank balances and cash	22	**2,721,621**	5,627,793
		12,119,661	27,434,423
CURRENT LIABILITIES			
Trade and other payables	23	**13,046,764**	54,781,326
Amount due to a related company	24	**199,916**	1,524,012
Amount due to a director	24	**154,129**	804,665
Tax liabilities		**—**	177,932
Convertible loan notes	25	**—**	2,790,518
Other borrowing - due within one year	26	**585,806**	—
Bank borrowings - due within one year	27	**—**	39,854,148
		13,986,615	99,932,601
NET CURRENT LIABILITIES		**(1,866,954)**	(72,498,178)
		24,513,580	29,085,929
CAPITAL AND RESERVES			
Share capital	28	**2,979,580**	20,516,129
Share premium and reserves		**(11,318,208)**	8,569,800
		(8,338,628)	29,085,929

	NOTES	2009	2008
		US$	US$
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year	27	**23,566,815**	—
Other payables	23	**9,285,393**	—
		32,852,208	—
		24,513,580	29,085,929

The consolidated financial statements on pages 28 to 96 were approved and authorised for issue by the Board of directors on 30 April 2010 and are signed on its behalf by:

Wong Chan Chi	**Yang Yi**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital US$	Share premium US$	Merger reserve US$ (note 29)	Statutory reserve US$ (note 30)	Distributable reserve US$ (note 28)	Share option reserve US$ (note 31)	Capital reserve US$ (note 32)	Exchange reserve US$	Accumulated profits (losses) US$	Total US$
At 1 January 2008	16,129,032	15,631,536	31,987,096	6,391,242	—	1,175,966	1,083,871	12,469,464	7,091,050	91,959,257
Loss for the year	—	—	—	—	—	—	—	—	(75,093,827)	(75,093,827)
Exchange differences arising on translation	—	—	—	—	—	—	—	5,471,512	—	5,471,512
Total comprehensive income and expense for the year	—	—	—	—	—	—	—	5,471,512	(75,093,827)	(69,622,315)
Recognition of equity-settled share-based payments	—	—	—	—	—	122,197	556,026	—	—	678,223
Forfeiture of share options	—	—	—	—	—	(52,734)	—	—	52,734	—
Issue of shares	4,387,097	1,716,129	—	—	—	—	—	—	—	6,103,226
Transaction cost related to issue of shares	—	(32,462)	—	—	—	—	—	—	—	(32,462)
At 31 December 2008	20,516,129	17,315,203	31,987,096	6,391,242	—	1,245,429	1,639,897	17,940,976	(67,950,043)	29,085,929
Loss for the year	—	—	—	—	—	—	—	—	(43,630,161)	(43,630,161)
Exchange differences arising on translation	—	—	—	—	—	—	—	16,159	—	16,159
Total comprehensive income (expense) for the year	—	—	—	—	—	—	—	16,159	(43,630,161)	(43,614,002)
Capital reorganisation (note 28)	(18,464,516)	—	—	—	18,464,516	—	—	—	—	—
Recognition of equity settled share-based payments	—	—	—	—	—	3,263,892	—	—	—	3,263,892
Forfeiture of share options	—	—	—	—	—	(395,958)	—	—	395,958	—
Issue of shares upon conversion of convertible notes	927,967	1,997,586	—	—	—	—	—	—	—	2,925,553
Release on disposal of subsidiaries	—	—	—	—	—	—	—	(5,280,042)	5,280,042	—
At 31 December 2009	**2,979,580**	**19,312,789**	**31,987,096**	**6,391,242**	**18,464,516**	**4,113,363**	**1,639,897**	**12,677,093**	**(105,904,204)**	**(8,338,628)**

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	NOTES	2009 US$	2008 US$
OPERATING ACTIVITIES			
Loss for the year		**(43,630,161)**	(75,093,827)
Adjustments for:			
Income tax credit recognised in profit or loss		**(178,026)**	(433,607)
Impairment loss on trade and other receivables, net		**1,048,132**	26,703,394
Impairment loss on available-for-sale investments		**130,000**	—
Impairment loss on property, plant and equipment		**12,047,166**	—
Write-down of inventories		**2,091,336**	3,598,227
Release of prepaid lease payments		**473,045**	470,387
Finance costs		**1,410,177**	4,723,540
Interest income		**(6,467)**	(208,421)
Depreciation of property, plant and equipment		**8,790,946**	11,792,224
Share-based payments		**3,263,892**	678,223
Loss on disposal of property, plant and equipment		**14,335,095**	3,434,886
Gain on disposal of prepaid lease payments		**—**	(18,734)
Gain on debt restructuring	33	**(12,092,387)**	—
Gain on disposal of subsidiaries	34	**(1,766,158)**	—
Operating cash flows before movements in working capital		**(14,083,410)**	(24,353,708)
Decrease in inventories		**3,791,780**	29,816,612
Decrease in trade and other receivables		**4,688,725**	45,726,788
Increase in trade and other payables		**(2,594,397)**	(31,876,891)
(Increase) decrease in amount due to a related company		**(20,084)**	1,524,012
Cash (used in) generated from operations		**(8,217,386)**	20,836,813
Income tax refund		**—**	160,662
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(8,217,386)**	20,997,475
INVESTING ACTIVITIES			
Disposal of subsidiaries	34	**14,959,129**	—
Proceeds from disposal of property, plant and equipment		**10,052,150**	3,106,304
Interest received		**6,467**	208,421
Purchase of property, plant and equipment		**(115,169)**	(11,315,881)
Decrease in pledged bank deposits		**—**	8,597,630
Proceeds from disposal of prepaid lease payments		**—**	619,731
NET CASH FROM INVESTING ACTIVITIES		**24,902,577**	1,216,205

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	NOTES	2009 US$	2008 US$
FINANCING ACTIVITIES			
Repayment of bank borrowings		**(20,369,864)**	(133,111,047)
Expenses for debt restructuring	33	**(1,977,049)**	—
(Repayment to) advanced from a director		**(650,536)**	804,665
Interest paid		**(373,089)**	(4,696,889)
(Refund) proceeds from issue of convertible notes		**(17)**	2,763,867
New bank borrowings raised		**3,192,642**	99,746,289
New other borrowing raised		**585,806**	—
Proceeds from issue of shares		**—**	6,103,226
Share issue expenses		**—**	(32,462)
NET CASH USED IN FINANCING ACTIVITIES		**(19,592,107)**	(28,422,351)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,906,916)**	(6,208,671)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,627,793**	10,856,313
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**744**	980,151
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**2,721,621**	5,627,793

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in rigid printed circuit boards and rigid printed circuit board assembly. The Group was also engaged in flexible printed circuit boards and flexible printed circuit board assembly which was discontinued in current year (see note 12).

The consolidated financial statements are presented in United States dollar while the functional currency of the Company is Renminbi. The directors selected United States dollar as the presentation currency because most of the shareholders of the Company are located outside the People's Republic of China (the "PRC") and United States dollar was considered to be more useful to the shareholders.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss of US$43,630,161 during the year ended 31 December 2009 and as at that date, the Group's liabilities exceeded its assets by of US$8,338,628. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming year taking into consideration various measures to improve its financial position which include, but are not limited to, the following:

(a) On the successful implementation of the Restructuring Plan as defined and detailed in note 33, the Group deferred repayment of bank borrowings and other payables to December 2012 onward of US$23,566,815 and US$9,285,393, respectively. In addition, trade and other payables amounting to US$14,069,436 were waived as part of the Restructuring Plan, thereby improving the liquidity position of the Group at the end of the reporting period;

(b) On 13 January 2010 and 5 February 2010, the Company issued new shares with aggregate proceeds of HK$38,522,060 (equivalent to US$4,970,588) as detailed in note 43;

(c) On 28 April 2010, the Group entered into a conditional sale and purchase agreement to dispose of the available-for-sale investments issued by a limited liability company incorporated in Singapore for a consideration of US$3,650,000 as detailed in note 43; and

(d) The Group has been pursuing opportunities arising from the PRC's new policy in support of 3-Way Network Convergence (television, telecom and internet) and, in particular, has been focused on developing mobile television and interactive multimedia businesses based on the China Mobile Multimedia Broadcasting ("CMMB") standard. Details are set out in the Company's announcements dated 19 January 2010, 24 March 2010 and 19 April 2010. The directors of the Company anticipate that the Group will generate positive cash flows from this CMMB business. However, as at the date of this report, the Group had not entered into any formal agreements in this regard.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Based on the aforesaid factors, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and change in the format and content of the consolidated financial statements.

During the year, the Company disposed of flexible printed circuit boards and flexible printed circuit board assembly businesses which were classified as discontinued operations. No consolidated statement of financial position as at 1 January 2008 has been presented as the directors of the Company considered that the restatement of consolidated statement of comprehensive income for presentation of discontinued operations has no impact on the financial position of the Group presented in the consolidated statement of financial position in respect of the end of the previous financial year.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 8), but changes in the basis of measurement of segment profit or loss.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosure)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of consolidated financial instruments which are measured at fair value.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 January 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods. In the current year, the Group has not capitalised any borrowing costs in accordance with HKAS 23 (Revised 2007).

In addition, in the current year, the Group has early adopted the amendment to HKFRS 5 as part of Improvements to HKFRSs 2009 (adopted in advance of effective date of 1 January 2010).

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

Early adoption of amendment to HKFRS 5 as part of Improvements to HKFRSs 2009

The amendment has clarified that HKFRS 5 has specified the disclosure required in respect of assets held for sale and disposal groups classified as discontinued operations. Disclosures requirements in other HKFRSs do not generally apply to such disposal groups.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except for amendment to HKFRS 5[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

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

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for the conversion option derivative of conversion loan notes, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress are carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when competed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commence when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments, which represent up-front payments to acquire leasehold land interest, are stated at cost and released to the consolidated statement of comprehensive income over the period of the lease on a straight line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised to profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease terms on a straight line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. United States dollar) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Retirement benefit scheme contributions

Payments to defined contribution retirement benefit scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares and share options granted to employees of the Group and other individuals providing similar services

The fair value of services received determined by reference to the fair value of shares granted at the grant date is recognised as an expense in full at the grant date when the shares granted vested immediately, with a corresponding increase in equity (capital reserve).

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including trade and other receivables and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale investments without quoted market price, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return. Such impairment will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a related company, amount due to a director, other borrowing and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes contains liability component and conversion option derivative

Convertible loan notes issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, all the liability and conversion option components are measured at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss. Both liability component and the conversion opinion derivative are presented as "convertible loan notes" on the consolidated statement of financial position.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and convertible option in proportion to the their relative fair values. Transaction costs relating to the convertible option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised, when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable and recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable in accordance with the stated accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value in use calculations or by reference to fair value less cost to sell. These value in use calculations require the use of estimates. As at 31 December 2009, the carrying amount of property, plant and equipment is US$21,603,268 (2008: US$98,919,683), net of impairment loss on property, plant and equipment of US$12,047,166 (2008: nil).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 December 2009, the carrying amount of trade and other receivables is US$8,269,254 (2008: US$14,773,501), net of impairment loss on trade and other receivables of US$35,572,468 (2008:US$37,132,814).

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down on inventories as allowance on inventories. As at 31 December 2009, the carrying amount of inventories is US$671,800 (2008: US$6,554,916).

If the market price of inventories of the Group become lower than its carrying amount subsequently, an additional allowance may be required.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which include other payables, other borrowing and bank borrowings disclosed in notes 23, 26 and 27, respectively, net of cash and cash equivalents disclosed in note 22 and equity attributable to equity holders of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associate with each class of capital. Based on recommendation of directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts and the repayment of existing debts.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2009	2008
	US$	US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**7,106,133**	17,494,073
Available-for-sale financial assets	**3,676,678**	26,653
Financial liabilities		
Amortised cost	**41,221,674**	94,399,151
Derivative liabilities	**—**	54,029

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, trade and other payables, amount due to a related company, amount due to a director, other borrowing and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (represented by currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC. Its foreign currency sales and purchases expose the Group to foreign currency risk, particularly in United States dollar.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are considered as significant by the management, at the end of reporting end are as follows:

	Liabilities		**Assets**	
	2009	2008	**20092**	008
	US$	US$	**US$**	US$
United States dollar	**8,375,556**	22,764,156	**5,745,648**	11,439,177

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(i) Currency risk *(Continued)*

Sensitivity analysis

The Group is mainly exposed to the fluctuation in Renminbi against United States dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in Renminbi against the relevant foreign currency. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis includes trade and other receivables, bank balances, trade and other payables and bank borrowings where the denomination of these balances are in currencies other than the functional currency of the relevant entities. If exchange rate of Renminbi against United States dollar had been increased/decreased by 5%, the Group's loss for the year would decrease/increase by approximately US$131,000 (2008: US$566,000).

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other payables, other borrowings and bank borrowings (see notes 23, 26 and 27 for details of these borrowings).

The Group is also exposed to cash flow interest rate risk in relation to the bank balances and variable-rate bank borrowings (see note 27 for details of these borrowings) due to the fluctuation of the prevailing market interest rates. It is the Group's policy to keep its borrowings at variable-rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly sensitive to the fluctuation of rate of the People's Bank of China arising from the Group's Renminbi bank borrowings.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(ii) Interest rate risk *(Continued)*

Sensitivity analysis

For the year ended 31 December 2009, the Group's cash flow interest rate risk is only related to the impact of prevailing market interest rate change on bank balances which are all short-term in nature. Therefore, any future variations in interest rates will not have a significant impact on the result of the Group. No sensitivity anlaysis is performed.

For the year ended 31 December 2008, the sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank balances and borrowings. The analysis is prepared assuming the amount of asset and liability outstanding at the end of reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2008 would increase/decrease approximately by US$171,000. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

(iii) Price risk

The Group is exposed to equity price risk. Its investment in unlisted equity securities with carrying value of US$3,650,000 (2008: nil) which was classified as available-for-sale investments but are stated at cost less accumulated impairment. However, as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably, accordingly, sensitivity analysis for price risk is not presented.

Credit risk

As at 31 December 2009, the Group maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is limited because the counterparties are reputable banks in the PRC and Hong Kong.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which is approximately 97% (2008: 36%) of the total trade receivables as at 31 December 2009.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

***Credit risk** (Continued)*

The Group also has concentration of credit risk as 79% (2008: 46%) and 97% (2008: 72%) of the total trade receivables was due from one of the five largest customer and the five largest customers respectively within rigid printed circuit boards segment. The credit risk in relation to these receivables is limited because they are rigid printed circuit boards traders with solid distribution networks with well establisheed brand names and strong market positioning.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants and the Restructuring Plan.

The directors of the Company are taking active steps to improve the liquidity position of the Group, details of which are set out in note 2.

The Group relies on bank borrowings as a significant source of liquidity, details of which are set out in note 27.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity risk tables

2009

	Weighted average interest rate %	Less than 1 month on or demand US$	31 to 90 days US$	91 to 180 days US$	181 to 365 days US$	More than 1 year US$	Total undiscounted cash flows US$	Carrying amount at 31.12.2009 US$
Financial liabilities								
Trade and other payables	—	4,055,591	3,374,024	—	—	—	7,429,615	7,429,615
Amount due to a related company	—	199,916	—	—	—	—	199,916	199,916
Amount due to a director	—	154,129	—	—	—	—	154,129	154,129
Long-term other payable	5	—	—	—	314,638	10,334,185	10,648,823	9,285,393
Other borrowing-fixed rate	10	—	—	644,386	—	—	644,386	585,806
Bank borrowings-fixed rate	4.78	—	—	—	—	28,221,980	28,221,980	23,566,815
		4,409,636	3,374,024	644,386	314,638	38,556,165	47,298,849	41,221,674

2008

	Weighted average interest rate %	Less than 1 month on or demand US$	31 to 90 days US$	91 to 180 days US$	181 to 365 days US$	More than 1 year US$	Total undiscounted cash flows US$	Carrying amount at 31.12.2008 US$
Financial liabilities								
Trade and other payables	—	47,367,252	1,946,090	166,495	—	—	49,479,837	49,479,837
Amount due to a related company	—	1,524,012	—	—	—	—	1,524,012	1,524,012
Amount due to a director	—	804,665	—	—	—	—	804,665	804,665
Convertible loan notes (note)	—	2,790,518	—	—	—	—	2,790,518	2,790,518
Bank borrowings-variable rate	7.96	3,790,695	—	1,877,942	35,645,844	—	41,314,481	39,854,148
		56,277,142	1,946,090	2,044,437	35,645,844	—	95,913,513	94,453,180

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Note: The amount represented the carrying amount of the convertible loan notes on the assumption that the holders request the Company to repay immediately as set out in note 25.

7c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis

Other than set out in the consolidated financial statements, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 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 (i.e., the executive directors) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. The Group's operating segment under HKFRS 8 are therefore identical to the business segments under HKAS 14. The adoption of HKFRS 8 has resulted in change in the basis of measurement of segment profit or loss. The impairment loss on trade and other receivables and write-down of inventories were excluded in segment profit or loss under HKFRS 8 as such information is not reviewed by the chief operating decision maker.

The Group's continuing operations have two segments based on its major products: (i) rigid printed circuit boards; and (ii) rigid printed circuit boards assembly. Each operating segment derives its revenue from the sale of the products. There are managed separately because each product requires different technology and marketing strategies.

The Group involved in manufacture and sale of flexible printed circuit boards and flexible printed circuit boards assembly, which were reported as separate operating segments under HKFRS 8. These operations were discontinued with effect from 27 September 2009 (see note 12).

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment for continuing operations:

For the year ended 31 December 2009

Continuing operations

	Rigid printed circuit boards US$	**Rigid printed circuit boards assembly US$**	**Total US$**
Revenue from external customers	**4,535,804**	**70,603**	**4,606,407**
Cost of sales	**(8,259,121)**	**(421,450)**	**(8,680,571)**
Distribution and selling expenses	**(155,825)**	**(31,978)**	**(187,803)**
Operating segment loss before taxation	**(3,879,142)**	**(382,825)**	**(4,261,967)**

For the year ended 31 December 2008

Continuing operations

	Rigid printedc circuit boards US$	Rigid printed ircuit boards assembly US$	Total US$
Revenue from external customers	25,339,421	12,607,047	37,946,468
Cost of sales	(33,532,815)	(25,004,710)	(58,537,525)
Distribution and selling expenses	(980,784)	(416,909)	(1,397,693)
Operating segment loss before taxation	(9,174,178)	(12,814,572)	(21,988,750)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment loss represents gross loss plus distribution and selling expenses excluding the write-down of inventories. The impairment loss on trade and other receivables, loss on disposal of property, plant and equipment, impairment loss on property, plant and equipment, gain on disposal on prepaid-lease payment and write-down of inventories would not included in measure of segment loss. However, the related property, plant and equipment, prepaid lease payments, inventories and trade and other receivables are reported to the Group's chief decision maker and included as part of segment assets and liabilities. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance measurement.

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Operating segment loss before taxation are reconciled to loss before taxation and discontinued operations of the Group as follows:

	2009 US$	2008 US$
Continuing operations		
Operating segment loss before taxation	**(4,261,967)**	(21,988,750)
Unallocated income:		
Interest income	**6,467**	206,968
Other income	**722,069**	4,384,734
Gain on debt restructuring	**12,092,387**	—
Gain on disposal of subsidiaries	**351,051**	—
Unallocated expenses:		
Interest expenses	**(1,410,177)**	(4,723,540)
Write-down of inventories	**(596,398)**	(3,598,227)
Impairment loss on trade and other receivables, net	**(426,102)**	(16,316,331)
Impairment loss on available-for-sales investments	**(130,000)**	—
Impairment loss on property, plant and equipment	**(12,047,166)**	—
Loss on disposal on property, plant and equipment	**(733,273)**	(3,434,886)
Administrative expenses	**(12,632,391)**	(11,302,093)
Loss before taxation and discontinued operations	**(19,065,500)**	(56,772,125)

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

	2009	2008
	US$	US$
Continuing operations		
Rigid printed circuit boards	**32,071,414**	32,861,790
Rigid printed circuit boards assembly	**22,098**	4,660,633
Assets relating to discontinued operations	**—**	85,688,984
Total segment assets	**32,093,512**	123,211,407
Unallocated assets:		
Available-for-sale investments	**3,676,678**	26,653
Other receivables	**8,384**	152,677
Bank balances and cash	**2,721,621**	5,627,793
Consolidated assets	**38,500,195**	129,018,530

8. SEGMENT INFORMATION *(Continued)*

Segment liabilities

	2009	2008
	US$	US$
Continuing operations		
Rigid printed circuit boards	**13,873,172**	11,082,974
Rigid printed circuit boards assembly	**440,032**	2,140,884
Liabilities relating to discontinued operations (Note)	**6,950,179**	41,249,402
Total segment liabilities	**21,263,383**	54,473,260
Unallocated liabilities:		
Other payables	**1,068,774**	308,066
Amount due to a related company	**199,916**	1,524,012
Amount due to a director	**154,129**	804,665
Tax liabilities	**—**	177,932
Convertible loan notes	**—**	2,790,518
Other borrowings	**585,806**	—
Bank borrowings	**23,566,815**	39,854,148
Consolidated liabilities	**46,838,823**	99,932,601

Note: The amount represented the trade and other payable in relation to flexible printed circuit boards and flexible printed circuit boards assembly businesses which discontinued during the year. According to the Restructuring Plan as disclosed in note 33, the amounts will be repaid on or before 20 December 2012.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than available-for-sale investments, unallocated other receivables and bank balances and cash; and

- all liabilities are allocated to operating segments other than unallocated other payables, amount due to a related company, amount due to a director, tax liabilities, convertible loan notes and bank and other borrowings.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2009

Continuing operations

	Rigid printed circuit boards US$	Rigid printed circuit boards assembly US$	Total US$
Amounts included in the measure of segment loss or segment assets			
Additions to non-current assets (Note)	27,494	—	27,494
Depreciation of property, plant and equipment and release of prepaid lease payments	2,941,217	507,084	3,448,301
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss			
Impairment losses on (reversal of) trade and other receivables	446,865	(20,763)	426,102
Loss on disposal of property, plant and Equipment	630,728	102,545	733,273
Write-down of inventories	596,398	—	596,398

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2008

Continuing operations

	Rigid printed circuit boards US$	Rigid printed circuit boards assembly US$	Total US$
Amounts included in the measure of segment loss or segment assets			
Additions to non-current assets (Note)	—	663,590	663,590
Depreciation of property, plant and equipment and release of prepaid lease payments	4,319,005	2,264,815	6,583,820
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss			
Impairment losses on trade and other receivables	15,206,011	1,110,320	16,316,331
Loss on disposal of property, plant and equipment	351,718	3,083,168	3,434,886
Gain on disposal of prepaid lease payments	—	(18,734)	(18,734)
Write-down of inventories	149,193	3,449,034	3,598,227

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

8. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's continuing operations are mainly located in the PRC.

The Group's revenue from continuing operations from external customers by geographical location of customers are detailed below:

	2009	2008
	US$	US$
The PRC	**3,448,341**	18,849,817
United States of America	**809,143**	4,611,702
Singapore	**73,854**	5,813,223
Germany	**—**	457,132
Taiwan	**—**	5,909,852
Others	**275,069**	2,304,742
	4,606,407	37,946,468

All non-current assets of the Group excluding financial instruments are located in the PRC.

Information about major customers

For the year ended 31 December 2009, there were two customers who accounted for over 10% of total revenue with revenue of US$2,929,218 and US$711,870 related to rigid printed circuit boards segment respectively.

For the year ended 31 December 2008, there were two customers who accounted for over 10% of total revenue with revenue of US$8,696,184 and US$7,099,777 and related to rigid printed circuit boards segment respectively.

9. OTHER INCOME

	2009	2008
	US$	US$
Continuing operations		
Compensation from customers for cancellation of orders	**356,492**	2,223,145
Gain on disposal of prepaid lease payments	**—**	18,734
Interest income	**6,467**	206,968
Sales of scrap materials	**183,460**	1,415,010
Others	**182,117**	727,845
	728,536	4,591,702

10. FINANCE COSTS

	2009	2008
	US$	US$
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years	**1,066,394**	4,696,889
Interest on other payables wholly repayable with five years	**8,612**	—
Interest on amount due to a director (Note)	**200,119**	—
Effective interest expense on convertible loan notes	**135,052**	26,651
	1,410,177	4,723,540

Note: As at 31 December 2008, the amount due to a director was non-interest bearing. During the year, the Group paid interest of US$200,119 to a director in respect of the amount advanced by him for the year ended 31 December 2008 upon the approval of the board of directors.

11. INCOME TAX CREDIT

	2009	2008
	US$	US$
Continuing operations		
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
Current year	**—**	—
Overprovision in prior year	**(178,026)**	(433,607)
	(178,026)	(433,607)

On 26 June 2007, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group's profit neither arose in, nor derived from Hong Kong and Taiwan.

Under the law of the PRC on Enterprise Income Tax (the "EIT law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% from 1 January 2008 onward.

Pursuant to the relevant laws and regulations in the PRC, Global Flex (Suzhou) Company Limited ("Global Flex (Suzhou"), the PRC subsidiary of the Company, is entitled to the exemptions from EIT for two years starting from its first profit-making year and to a 50% relief from the EIT for the following three years ("Tax Holidays").

11. INCOME TAX CREDIT *(Continued)*

The first profit-making year of Global Flex (Suzhou) is the year ended 31 December 2002. In December 2005, Global Flex (Suzhou) re-invested and increased its capital by US$16,000,000 to US$48,000,000. As a result, Global Flex (Suzhou) is entitled to another Tax Holidays on a capital proportionate basis from the date of re-investment subject to the approval by the relevant tax authority. Upon approval obtained from relevant tax authority, one-third of the taxable profit of Global Flex (Suzhou) is subject to the Tax Holidays starting from 2005. The tax rate of Global Flex (Suzhou) is approximately 20.83% for both year 2008 and 2009.

The EIT Law imposes withholding tax upon the distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to their shareholders. No deferred tax liability has been recognised in respect of such withholding tax due to absence of undistributed profits for both years.

The tax credit for the year can be reconciled to the loss before taxation as follows:

	2009	2008
	US$	US$
Loss before taxation from continuing operations	**(19,065,500)**	(56,772,125)
Tax at the domestic income tax rate of 25%	**(4,766,375)**	(14,193,031)
Tax effect of income not taxable for tax purpose	**(3,024,713)**	(487)
Tax effect of expenses not deductible for tax purpose	**2,229,725**	1,299,431
Tax effect of tax losses not recognised	**2,293,947**	7,915,448
Tax effect of deductible temporary differences not recognised	**3,267,416**	4,978,639
Overprovision in respect of prior year	**(178,026)**	(433,607)
Tax credit for the year relating to continuing operations	**(178,026)**	(433,607)

At 31 December 2009, the Group has unused tax losses of approximately US$41,781,000 (2008: US$32,605,000) and deductible temporary differences in relation to impairment loss on trade and other receivable, impairment loss on property, plant and equipment and write-down on inventories of approximately US$53,522,000 (2008: US$40,452,000) available for offset against future profits in the Group. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profits streams of the Group. Included in unused tax losses as at 31 December 2009 is an amount of approximately US$32,605,000 will expire in year 2013 and US$9,176,000 will expire in year 2014 (2008: US$32,605,000 would expire in year 2013).

12. DISCONTINUED OPERATIONS

On 30 July 2009, the Group entered into a share sale agreement to dispose of the entire interest in a wholly-owned subsidiary, Global Flex (Suzhou) Plant II Co. Ltd. ("Global Flex (Suzhou) Plant II") incorporated in the PRC (the "Share Sale Agreement"), and an asset sale agreement to dispose of certain property, plant and equipment of Global Flex (Suzhou) (the "Asset Sale Agreement"). The transactions contemplated under the Share Sale Agreement and the Asset Sale Agreement are entered into by the Group with the same counter party on the same date. Both disposals were completed on 27 September 2009. After these disposals, the Group discontinued the production of flexible printed circuit boards and flexible printed circuit boards assembly ("Discontinued Business").

The net loss for the year from the discontinued operations is analysed as follows:

	2009	2008
	US$	US$
Loss of the discontinued operations for the year	**(12,555,972)**	(18,755,309)
Loss on disposal of property, plant and equipment (note 33)	**(13,601,822)**	—
Gain on disposal of Global Flex (Suzhou) Plant II (note 34)	**1,415,107**	—
	(24,742,687)	(18,755,309)

The results of the discontinued operations for the period from 1 January 2009 to 27 September 2009, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.1.2009 to 27.9.2009	1.1.2008 to 31.12.2008
	US$	US$
Revenue	**3,137,572**	81,390,224
Cost of sales	**(13,553,577)**	(85,971,588)
Bank interest income	**—**	1,453
Impairment loss on trade and other receivables	**(622,030)**	(10,387,063)
Distribution and selling expenses	**(395,291)**	(1,956,649)
Administrative expenses	**(1,122,646)**	(1,831,686)
Loss for the period/year	**(12,555,972)**	(18,755,309)

12. DISCONTINUED OPERATIONS *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment for discontinued operations:

From 1 January 2009 to 27 September 2009

Discontinued operations

	Flexible printed circuit boards	Flexible printed circuit boards assembly	Total
	US$	US$	US$
Revenue from external customers	234,729	2,902,843	3,137,572
Cost of sales	(8,286,873)	(3,771,766)	(12,058,639)
Distribution and selling expenses	(227,847)	(167,444)	(395,291)
Operating segment loss before taxation	(8,279,991)	(1,036,367)	(9,316,358)

For the year ended 31 December 2008

Discontinued operations

	Flexible printed circuit boards	Flexible printed circuit boards assembly	Total
	US$	US$	US$
Revenue from external customers	14,613,210	66,777,014	81,390,224
Cost of sales	(20,100,596)	(65,870,992)	(85,971,588)
Distribution and selling expenses	(529,992)	(1,426,657)	(1,956,649)
Operating segment loss before taxation	(6,017,378)	(520,635)	(6,538,013)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment loss represents gross loss plus distribution and selling expenses excluding the write-down of inventories. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance measurement.

12. DISCONTINUED OPERATIONS *(Continued)*

Segment revenue and results *(Continued)*

Operatong segment loss before taxation are reconciled to loss before taxation for discontinued operations as follows:

	1.1.2009 to 27.9.2009 US$	1.1.2008 to 31.12.2008 US$
Discontinued operations		
Operating segment loss before taxation	**(9,316,358)**	(6,538,013)
Unallocated income:		
Interest income	**—**	1,453
Unallocated expenses:		
Write-down of inventories	**(1,494,938)**	—
Impairment loss on trade and other receivables	**(622,030)**	(10,387,063)
Administrative expenses	**(1,122,646)**	(1,831,686)
Loss for the period/year for discountinued operations	**(12,555,972)**	(18,755,309)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment for discontinued operations:

Segment assets

	2008 US$
Flexible printed circuit boards	19,767,031
Flexible printed circuit boards assembly	65,921,953
Total segment assets	85,688,984

Segment liabilities

	2009 US$	2008 US$
Flexible printed circuit boards	**3,741,449**	18,837,619
Flexible printed circuit boards assembly	**3,208,730**	22,411,783
Total segment liabilities	**6,950,179**	41,249,402

12. DISCONTINUED OPERATIONS *(Continued)*

Other segment information

From 1 January 2009 to 27 September 2009

Discontinued operations

	Flexible printed circuit boards	Flexible printed circuit boards assembly	Total
	US$	US$	US$
Amounts included in the measure of segment loss or segment assets			
Additions to non-current assets (Note)	—	164,200	164,200
Depreciation of property, plant and equipment and release of prepaid lease payments	—	5,815,690	5,815,690
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss			
Impairment losses on trade and other receivables	—	622,030	622,030
Write-down of inventories	—	1,494,938	1,494,938

12. DISCONTINUED OPERATIONS *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2008

Discontinued operations

	Flexible printed circuit boards	Flexible printed circuit boards assembly	Total
	US$	US$	US$
Amounts included in the measure of segment loss or segment assets			
Additions to non-current assets (Note)	—	13,290,111	13,290,111
Depreciation of property, plant and equipment and release of prepaid lease payments	2,731,556	2,947,235	5,678,791
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss			
Impairment losses on trade and other receivables	7,490,243	2,896,820	10,387,063

Note: Non-current assets excluded those relating to continuing operations and financial instruments.

12. DISCONTINUED OPERATIONS *(Continued)*

Geographical information

The Group's discontinued operations are mainly located in the PRC.

The Group's revenue from discontinued operations from external customers by geographical location of customers is detailed below:

	1.1.2009 to 27.9.2009	1.1.2008 to 31.12.2008
	US$	US$
The PRC	**2,021,582**	56,686,652
Singapore	**236,213**	—
Taiwan	**—**	17,772,572
Others	**879,777**	6,931,000
	3,137,572	81,390,224

All non-current assets of the Group excluding financial instruments are located in the PRC.

Information about major customers

For the period ended 31 December 2009, there were three customers who accounted for over 10% of total revenue with revenue of US$1,559,337, US$615,230 and US$450,038 and related to flexible printed circuit boards and flexible printed circuit boards assembly segments.

For the year ended 31 December 2008, there were two customers who accounted for over 10% of total revenue with revenue of US$25,931,124 and US$22,956,611 related to flexible printed circuit boards and flexible printed circuit boards assembly segments.

12. DISCONTINUED OPERATIONS *(Continued)*

Information about major customers *(Continued)*

Loss for the period/year from discontinued operations including the following:

Staff costs, including directors' remuneration		
– Salaries and allowances	**1,017,975**	8,211,017
– Retirement benefit scheme contributions	**105,293**	371,623
Total staff costs	**1,123,268**	8,582,640
Auditor's remuneration	**—**	—
Release of prepaid lease payments	**16,247**	195,925
Redundancy costs	**454,466**	809,068
Cost of inventories recognised as an expense (Note)	**13,553,377**	85,971,589
Depreciation of property, plant and equipment	**5,799,443**	5,482,866
Impairment loss on trade and other receivables	**622,030**	10,387,063
Loss on disposal of property, plant and equipment	**13,601,822**	—

Note: Included in cost of sales is a write-down of inventories amounting to US$1,494,938 (2008: nil)

During the period, the discontinued operations contributed US$3,357,789 (2008: US$23,618,366) to the Group's net operating cash flows and paid US$164,200 (2008: US$10,652,291) in respect of investing activities.

The carrying amounts of the assets and liabilities of the Global Flex (Suzhou) Plant II at the date of disposal are disclosed in note 34. Comparative information in consolidated statement of comprehensive income has been restated to represent separately the results of the flexible printed circuit boards and flexible printed circuit boards assembly as discontinued operations.

13. LOSS FOR THE YEAR

	2009 US$	2008 US$
Loss for the year has been arrived at after charging:		
Continuing operations		
Staff costs, including directors' remuneration		
– Salaries and allowances	**2,127,058**	8,871,487
– Retirement benefit scheme contributions	**112,182**	381,273
– Share-based payments	**1,302,773**	678,223
Total staff costs	**3,542,013**	9,930,983
Auditor's remuneration	**148,387**	187,097
Release of prepaid lease payments	**456,798**	274,462
Redundancy costs	**134,672**	810,920
Share-based payments expense to consultants	**1,961,119**	—
Cost of inventories recognised as an expense (Note)	**9,276,969**	62,135,752
Depreciation of property, plant and equipment	**2,991,503**	6,309,358
Net exchange loss	**56,235**	899,593

Note: Included in cost of sales is a write-down of inventories amounting to US$596,398 (2008: US$3,598,227).

14. DIRECTORS' AND EMPLOYEES' REMUNERATIONS

The emoluments paid or payable to each of the directors of the Company were as follows:

2009

	Wong Chau Chi, Charles US$	Lin Cheng Hung US$ (note a)	Hsu Chung US$ (note a)	Huang Lien Tsung US$ (note a)	Chou Tsan Hsiung US$	Nguyen Duc Van US$ (note a)	Wang Wei-Lin US$	Chow Chi Tong US$ (note a)	Li Shan US$ (note b)	Lui Hui US$ (note c)	Yu Kam Kee, Lawrence US$	Yang Yi US$	Li Jun US$	Total US$
Fees	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other emoluments														
Salaries and other benefits	226,499	59,400	56,213	66,580	1,935	1,935	1,935	1,935	–	–	26,129	1,935	1,935	446,431
Retirement benefit scheme contributions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payments	123,082	–	–	–	123,082	–	24,616	–	123,082	137,726	24,616	253,486	123,082	932,772
Total emoluments	349,581	59,400	56,213	66,580	125,017	1,935	26,551	1,935	123,082	137,726	50,745	255,421	125,017	1,379,203

2008

	Wong Chau Chi, Charles US$	Lin Cheng Hung US$	Hsu Chung US$	Huang Lien Tsung US$	Chou Tsan Hsiung US$	Nguyen Duc Van US$	Wang Wei-Lin US$	Chow Chi Tong US$	Liao Kuang Sheng US$	Shao Yi US$	Lin Yi Ting US$	Yang Yi US$	Yu Kam Kee, Lawrence US$	Li Jun US$	Total US$
Fees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other emoluments															
Salaries and other benefits	77,464	118,800	141,626	117,693	17,419	17,419	17,419	17,419	13,548	6,419	58,709	17,419	2,903	17,419	641,676
Retirement benefit scheme contributions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	83,613	22,994	–	–	–	–	–	–	18,813	–	–	–	125,420
Total emoluments	77,464	118,800	225,239	140,687	17,419	17,419	17,419	17,419	13,548	6,419	77,522	17,419	2,903	17,419	767,096

note:

(a) Resigned on 30 June 2009

(b) Appointed on 5 October 2009

(c) Appointed on 9 November 2009

14. DIRECTORS' AND EMPLOYEES' REMUNERATIONS *(Continued)*

The five highest paid individuals in the Group were three (2008: three) directors of the Company and details of their emoluments are included above. The emoluments of the remaining two (2008: two) individuals are as follows:

	2009	2008
	US$	US$
Salaries and other emoluments	**150,229**	206,658
Retirement benefit scheme contributions	**—**	—
Share-based payment	**166,495**	118,641
	316,724	325,299

	2009	2008
	Number of employees	Number of employees
HK$nil to HK$1,000,000	**—**	1
HK$1,000,000 to HK$1,500,000	**2**	—
HK$1,500,001 to HK$2,000,000	**—**	1
	2	2

During both years, no emoluments were paid by the Group to these five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments.

15. DIVIDENDS

No dividend was paid, decreased or proposed during both year, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share for the year is based on the following data:

	2009	2008
	US$	US$
Loss for the purposes of basic and diluted loss per share	**(43,630,161)**	(75,093,827)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,850,085,205**	1,444,016,393

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss per share are calculated as follows:

	2009	2008
	US$	US$
Loss for the year attributable to owners of the Company	**(43,630,161)**	(75,093,827)
Less: loss for the year from discontinued operations	**24,742,687**	18,755,309
Loss for the purposes of basic and diluted loss per share from continuing operations	**(18,887,474)**	(56,338,518)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is US$0.0134 per share (2008: US$0.0130), based on the loss for the year from the discontinued operations of US$24,742,687 (2008: US$18,755,309) and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share has been presented because the exercise price of the Company's share options was higher than the average market price for shares for both 2009 and 2008 and the conversion of convertible loan notes in year 2008 and 2009 would result in decrease in loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings US$	Machinery and equipment US$	Motor vehicles US$	Office and other equipment US$	Construction in progress US$	Total US$
COST						
At 1 January 2008	20,742,030	96,246,720	1,143,825	5,936,497	12,149,752	136,218,824
Exchange adjustments	1,702,713	6,619,055	72,445	396,352	5,047,873	13,838,438
Additions	326,699	3,464,098	30,564	78,792	10,053,548	13,953,701
Transfer	16,283,668	10,356,528	—	—	(26,640,196)	—
Disposals	—	(13,229,397)	(404,047)	(761,590)	(492,301)	(14,887,335)
At 31 December 2008	39,055,110	103,457,004	842,787	5,650,051	118,676	149,123,628
Exchange adjustments	40,942	97,439	738	5,093	112	144,324
Additions	164,200	—	24,890	2,604	—	191,694
Transfer	—	58,581	—	—	(58,581)	—
Disposals	(4,963)	(5,416,426)	(255,341)	(182,345)	(60,207)	(5,919,282)
Disposal of subsidiaries	(17,297,163)	(15,116,752)	(44,767)	(353,998)	—	(32,812,680)
Disposal on debt restructuring	—	(41,213,448)	—	—	—	(41,213,448)
At 31 December 2009	21,958,126	41,866,398	568,307	5,121,405	—	69,514,236
DEPRECIATION AND IMPAIRMENT						
At 1 January 2008	4,970,263	35,086,148	455,297	2,559,595	—	43,071,303
Exchange adjustments	362,192	2,766,018	31,593	184,187	—	3,343,990
Provided for the year	1,226,191	9,583,542	183,737	798,754	—	11,792,224
Eliminated on disposals	—	(7,543,878)	(166,738)	(292,956)	—	(8,003,572)
At 31 December 2008	6,558,646	39,891,830	503,889	3,249,580	—	50,203,945
Exchange adjustments	6,578	38,791	484	3,212	—	49,065
Provided for the year	1,276,059	6,775,182	82,694	657,011	—	8,790,946
Impairment loss recognised	3,109,120	8,222,564	—	715,482	—	12,047,166
Eliminated on disposals	—	(2,635,182)	(140,679)	(121,872)	—	(2,897,733)
Eliminated on disposal of subsidiaries	(190,460)	(2,288,739)	(39,003)	(204,743)	—	(2,722,945)
Eliminated on disposal on debt restructuring	—	(17,559,476)	—	—	—	(17,559,476)
At 31 December 2009	10,759,943	32,444,970	407,385	4,928,670	—	47,910,968
CARRYING VALUES						
At 31 December 2009	11,198,183	9,421,428	160,922	822,735	—	21,603,268
At 31 December 2008	32,496,464	63,565,174	338,898	2,400,471	118,676	98,919,683

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

The above items of property, plant and equipment other than construction in progress are depreciated on a straight line basis at the following rates per annum:

Plant and buildings	5%
Machinery and equipment	10%
Motor vehicles	20%
Office and other equipment	10-20%

The Group has pledged plant and buildings having a carrying value of US$11,198,183 (2008: nil) machinery and equipment having a carrying value of US$7,400,293 (2008: US$43,112,102) to secure general banking facilities granted to the Group.

During the year ended 31 December 2009, the Group carried out a review of the recoverable amounts of the Group's property, plant and equipment and determined that there were impaired. Accordingly, an impairment loss of US$12,047,166 was recognised in respect of property, plant and equipment. The recoverable amounts of the relevant assets had been determined on the basis of the value in use of rigid printed circuit boards cash-generating unit, taking into consideration the estimated disposal value of certain plant and buildings. The discount rate in measuring the amounts of value in use was 9% and the estimated disposal value was based on the valuation performed by the independent qualified professional valuers.

18. PREPAID LEASE PAYMENTS

	2009	2008
	US$	US$
The Group's prepaid lease payments comprise:		
Leasehold land in the PRC:		
Medium-term lease	**715,478**	1,759,209
Short lease	**842,096**	1,280,250
	1,557,574	3,039,459
Analysed for reporting purposes as:		
Current asset	**456,986**	478,213
Non-current asset	**1,100,588**	2,561,246
	1,557,574	3,039,459

The Group has pledged prepaid lease payments having a carrying value of US$715,478 (2008: US$1,759,207) to secure general banking facilities granted to the Group.

19. AVAILABLE-FOR-SALE INVESTMENTS

During the year, the Group received consideration shares which constituted 20% interests in an unlisted investee as part of the consideration of Restructuring Plan which were initially recognised at fair value amounting to US$3,780,000. The investee is a limited liability company incorporated in Singapore which is engaged in manufacturing and trading of printed circuit boards. Upon further increase of share capital by the investee, the Group's interest was reduced to 13%. Prior to the share dilution, the Group could not participate in the financial and operating policy-making decisions of the investee. Accordingly, the directors considered the investee was not regarded as an associate of the Group as the Group could not exercise significant influence on the investee. Subsequently to initial recognition, the investment was measured at cost less impairment at US$3,650,000 as at 31 December 2009 and an impairment loss amounting to US$130,000 was recognised in profit or loss during the year ended 31 December 2009.

The remaining amount of available-for-sale investments represents the club debenture which is held on a long-term basis.

20. INVENTORIES

	2009	2008
	US$	US$
Raw materials	**496,453**	1,907,883
Work-in-progress	**163,618**	2,423,026
Finished goods	**11,729**	2,224,007
	671,800	6,554,916

21. TRADE AND OTHER RECEIVABLES

	2009	2008
	US$	US$
Trade receivables	**35,851,308**	44,060,599
Less: Accumulated impairment	**(32,148,915)**	(34,336,067)
	3,702,393	9,724,532
Other receivables	**7,990,414**	7,845,716
Less: Accumulated impairment	**(3,423,553)**	(2,796,747)
	4,566,861	5,048,969
Total trade and other receivables	**8,269,254**	14,773,501

The Group generally allows credit period ranged from 30 days to 150 days to its trade customers.

21. TRADE AND OTHER RECEIVABLES *(Continued)*

The aged analysis of the trade receivables, presented based on invoice date, net of allowance for doubtful debts as at the end of the reporting period are as follows:

	2009	2008
	US$	US$
Trade receivables:		
0 - 30 days	**583,281**	2,538,902
31 - 60 days	**2,620,957**	3,631,788
61 - 90 days	**473,081**	3,164,949
91 - 120 days	**—**	354,604
121 - 150 days	**—**	196
Over 150 days	**25,074**	34,093
	3,702,393	9,724,532

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. 10% (2008: 22%) of the trade receivables before accumulated impairment that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$25,074 (2008: US$185,603) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2009	2008
	US$	US$
61 - 90 days	**—**	71,766
91 - 120 days	**—**	79,548
121 - 150 days	**—**	196
151 - 365 days	**25,074**	34,093
	25,074	185,603

21. TRADE AND OTHER RECEIVABLES *(Continued)*

Other than the above trade receivable which are past due but not impaired, the Group has provided fully for all receivables over 365 days because historical experience is that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the impairment loss on trade receivables

	2009	2008
	US$	US$
Balance at beginning of the year	34,336,067	9,656,240
Exchange adjustment	24,975	773,180
Amounts written off as uncollectible	(49,152)	—
Disposal of subsidiaries	(1,899,615)	—
Impairment loss recognised on trade receivables	416,165	23,906,647
Reversal of impairment loss	(679,525)	—
Balance at end of the year	32,148,915	34,336,067

In determining the recoverability of a trade receivable, the Group consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$32,148,915 (2008: US$34,336,067). The Group does not hold any collateral over these balances.

21. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the impairment loss on other receivables

	2009 US$	2008 US$
Balance at beginning of the year	**2,796,747**	—
Exchange realignment	**2,515**	—
Disposal of subsidiaries	**(687,201)**	—
Impairment loss recognised on other receivables	**1,311,492**	2,796,747
Balance at end of the year	**3,423,553**	2,796,747

The impairment loss recognised on other receivables because the counterparties have financial difficulties.

The carrying amounts of the Group's foreign currency denominated trade and other receivables at the end of reporting period are as follows:

	2009 US$	2008 US$
United States dollar	**3,422,042**	9,910,846

22. BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 0.3% (2008: 0.3% to 2.6%) per annum.

The carrying amounts of the Group's foreign currency denominated balances at the end of the reporting period are as follows:

	2009 US$	2008 US$
United States dollar	**2,323,606**	1,528,331

23. TRADE AND OTHER PAYABLES

The aged analysis of the trade payables at the end of the reporting period are as follows:

	2009	2008
	US$	US$
Trade payables:		
0 - 90 days	**3,331,265**	5,085,382
91 - 120 days	**42,759**	3,228,152
121 - 180 days	**—**	6,140,602
181 - 365 days	**24,783**	10,213,272
Over 365 days	**2,897,618**	10,828,900
	6,296,425	35,496,308
Other payables	**6,750,339**	19,285,018
Total trade and other payables	**13,046,764**	54,781,326

The average credit period on purchases of goods is 30 to 60 days (2008: 150 days). The Group is negotiating with the Group's suppliers to reschedule the repayments.

The carrying amounts of the Group's foreign currency denominated trade and other payables at the end of reporting period are as follows:

	2009	2008
	US$	US$
United States dollar	**8,375,556**	22,752,612

Other payables of US$9,285,393 (2008: nil) as at 31 December 2009 was classified as non-current liabilities as the maturity dates of the related payables are more than one year pursuant to the debt restructuring as detailed in note 33. The amounts bears fixed interest rate of 5% per annum.

24. AMOUNT DUE TO A RELATED COMPANY/A DIRECTOR

As at 31 December 2009, the amounts are unsecured, non-interest bearing and repayable on demand. The related company is a company in which a director of the Company has beneficial interest.

During the year, the amount due to a related company of US$1,304,012 was reclassified to trade and other payables since the related company has ceased to be the shareholder with significant influence of the Company.

25. CONVERTIBLE LOAN NOTES

On 5 December 2008, the Company issued unsecured zero coupon convertible loan notes at a par value of HK$21,000,000 (equivalents to US$2,709,677) and the subscription price is HK$21,420,000 (equivalent to US$2,763,867). The convertible loan notes are denominated in Hong Kong dollars. The notes entitle the holders to convert it into ordinary shares of the Company at any time between the date of issue of the notes and their maturity date on 5 December 2010 at an initial conversion price of HK$0.10 per share (subject to anti-dilutive adjustments).

Besides those anti-dilutive adjustments, the conversion price will be adjusted and re-set every three months, being January, April, July and October, in a year during the term of the convertible loan notes remain outstanding. By this arrangement, the conversion price shall be re-set and adjusted to the lower of (a) HK$0.10 or (b) 80% of the value weighted average price per share for the past 20 trading days ending at the end of each of these three month intervals, provided that the first end date falling after issue of the notes must be at least three months after the date of issues (the “Market Price Re-set”). The highest and the lowest conversion prices permitted under the Market Price Re-set shall be limited to HK$0.10 and HK$0.01 per share respectively.

On 4 May 2009, the conversion price of the convertible loan notes have been adjusted from HK$0.10 per share to HK$0.0292 per share according to Market Price Re-set.

During the year, convertible loan notes with principal amount of HK$20,999,910 (equivalents to US$2,709,665) were converted into 719,175,000 ordinary shares of HK$0.01 each of the Company. The remaining HK$90 (equivalents to US$17) was refunded to the convertible loan notes holders.

In accordance with the convertible notes subscription agreement, the Group defaulted the payment of bank borrowings as described in note 27 as at 31 December 2008 and the holders could request the Company to repay immediately at the principal amount then outstanding together with interest, if any, from the date of issue. Accordingly, the entire convertible loan notes was classified as current liability as at 31 December 2008.

As at 31 December 2008, if the notes have not been converted before maturity date, they will be redeemed on 5 December 2010 at 125% of par value amounted to HK$26,250,000 (equivalents to US$3,387,096).

25. CONVERTIBLE LOAN NOTES *(Continued)*

The movement of convertible loan notes is set out as below:

	Liability component	Conversion option derivative	Total
	US$	US$	US$
At 1 January 2009	—	—	—
Issue during the year	2,709,838	54,029	2,763,867
Interest charge	26,651	—	26,651
As at 31 December 2008	2,736,489	54,029	2,790,518
Interest charge	135,052	—	135,052
Refund during the year	(17)	—	(17)
Conversion during the year	(2,871,524)	(54,029)	(2,925,553)
As at 31 December 2009	—	—	—

26. OTHER BORROWING

During the year, the Group obtained a new fixed-rate loan from an independent third party amounting to US$585,806 (2008: nil). This loan is unsecured, bears fixed interest rate at 10% per annum and repayable on demand within six months from the downpayment.

27. BANK BORROWINGS

	2009	2008
	US$	US$
Secured (note 39)	**23,566,815**	39,842,604
Unsecured	**—**	11,544
	23,566,815	39,854,148

The bank borrowings are repayable as follows:

	2009	2008
On demand or within one year	**—**	39,854,148
In more than two years but not more three years	**1,464,515**	—
In more than three years but not more than four years	**6,710,604**	—
In more than four years but not more than five years	**15,391,696**	—
	23,566,815	39,854,148
Less: Amount due within one year shown under current liabilities	**—**	(39,854,148)
Amount due after one year	**23,566,815**	—

As at 31 December 2008, bank borrowings with carrying amounts of US$1,630,000 were default. The Group repaid US$83,000 during the year ended 31 December 2009 and the remaining amount of US$1,547,000 are repayable by three inslatments on 31 December 2012, 31 December 2013 and 31 December 2014, respectively, pursuant to the debt restructuring plan as details in note 33.

The carrying amounts of the Group's foreign currency denominated bank borrowings at the end of the reporting period are as follows:

	2009	2008
	US$	US$
United States dollar	—	11,544

As at 31 December 2009, all bank borrowings are fixed-rate borrowings which carried interest rate of 4.78% per annum and are repayable by three inslatments on 31 December 2012, 31 December 2013 and 31 December 2014, respectively, pursuant to the debt restructuring plan as details in note 33.

As at 31 December 2008, all bank borrowings were variable-rate borrowings which carried interest at variable rate of the People's Bank of China. The ranges of effective interest rate ranging from 3.28% to 9.36% per annum and were repayable within one year.

28. SHARE CAPITAL

	Number of shares	Nominal value HK$	Shown as US$
Authorised:			
Ordinary shares of HK$0.1 each as at 1 January 2008 and 31 December 2008	5,000,000,000	500,000,000	
Adjustment to nominal value and (Note ii)	—	(450,000,000)	
	5,000,000,000	50,000,000	
Subdivision (Note ii)	45,000,000,000	450,000,000	
Ordinary shares of HK$0.01 each as at 31 December 2009	50,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.1 each as at 1 January 2008	1,250,000,000	125,000,000	16,129,032
Issue of new shares (Note i)	340,000,000	34,000,000	4,387,097
Ordinary shares of HK$0.1 each as at 31 December 2008	1,590,000,000	159,000,000	20,516,129
Adjustment to nominal value (Note ii)	—	(143,100,000)	(18,464,516)
Ordinary shares of HK$0.01 each	1,590,000,000	15,900,000	2,051,613
Conversion of convertible notes (Note iii)	719,175,000	7,191,750	927,967
As at 31 December 2009	2,309,175,000	23,091,750	2,979,580

28. SHARE CAPITAL *(Continued)*

Notes:

(i) On 21 May 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 250,000,000 new shares of the Company for an aggregate consideration of HK$36,500,000 (equivalent to US$4,709,679) at a subscription price of HK$0.146 per subscription share.

On 21 July 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 90,000,000 new shares of the Company for an aggregate consideration of HK$10,800,000 (equivalent to US$1,393,547) at a subscription price of HK$0.12 per subscription share.

(ii) On 19 January 2009, an extraordinary general meeting of the Company was held and the resolutions of the reorganisation of the share capital of the Company involving reduction of the authorised share capital and issued share capital by reducing the nominal value of each share in issued from HK$0.10 to HK$0.01 and cancelling paid-up capital to the extent of HK$0.09 for each issue share and the sub-division of each authorised and unissued shares of HK$0.10 each into 10 unissued shares of HK$0.01 each (the "Capital Reorganisation") were approved. The capital reduction amount as a result of the Capital Reorganisation will be transferred to a distributable reserve account of the Company.

The Capital Reorganisation became effective after the approval from the Grand Court of the Cayman Islands on 29 April 2009.

(iii) During the year, convertible loan notes with principal amounts of HK$20,999,910 (equivalent to US$2,709,665) were converted into 719,175,000 ordinary shares of HK$0.01 each in the share capital of the Company at the conversion price of HK$0.0292 per share.

29. MERGER RESERVE

The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology International Ltd., a subsidiary of the Company, acquired pursuant to a group reorganisation on 5 July 2005.

30. STATUTORY RESERVE

Pursuant to the relevant regulations applicable to foreign investment enterprises established in the PRC, certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital.

31. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 5 July 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the shares of the Company in issue on 10 October 2005 ("General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

As at 31 December 2008, the total number of shares available for issue in respect thereof is 125,000,000 shares, representing 10% of the total issued shares on 10 October 2005.

During the year, the General Scheme Limit was renewed and approved by the shareholders in an extraordinary general meeting held on 25 September 2009. As at 31 December 2009, the total number of share available for issue in respect thereof is 206,945,000 shares, representing 10% of the total issued shares on 25 September 2009.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

31. SHARE OPTION SCHEME *(Continued)*

The subscription price for the shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

Details of the share options granted and outstanding under the Share Option Scheme during the year were as follows:

					Number of share options								
Category	Date of grant	Exercise price HK$	Vesting period	Exercise period	Outstanding at 1/1/2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2008 and 1/1/2009	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2009
Directors													
Wong Chau Chi, Charles	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	12,500,000	–	–	–	12,500,000	–	–	–	12,500,000
	5 November 2009	0.128	not available ("N/A")	5 November 2009 to 4 November 2012	–	–	–	–	–	10,000,000	–	–	10,000,000
Hsu Chung	27 December 2007	0.52	27 December 2007 7 January 2008	8 January 2008 to 6 January 2011	12,500,000	–	–	–	12,500,000	–	–	(12,500,000)	–
Chou Tsan Hsiung	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	10,000,000	–	–	10,000,000
Li Jun	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	10,000,000	–	–	10,000,000
Wang Wei-Lin	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	2,000,000	–	–	2,000,000
Yu Kam Kee, Lawrence	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	2,000,000	–	–	2,000,000
Yang Yi	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	15,000,000	–	–	15,000,000
	24 November 2009	0.146	N/A	24 November 2009 to 23 November 2012	–	–	–	–	–	5,000,000	–	–	5,000,000
Liu Hui	24 November 2009	0.146	N/A	24 November 2009 to 23 November 2012	–	–	–	–	–	10,000,000	–	–	10,000,000
Li Shan	5 November 2009	0.128	N/A	5 November 2009 to 4 November 2012	–	–	–	–	–	10,000,000	–	–	10,000,000
Total directors					25,000,000	–	–	–	25,000,000	74,000,000	–	(12,500,000)	86,500,000
Consultants	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	50,000,000	–	–	–	50,000,000	–	–	(12,500,000)	37,500,000
	25 September 2009	0.119	N/A	25 September 2009 to 24 September 2012	–	–	–	–	–	39,000,000	–	–	39,000,000
	24 November 2009	0.146	N/A	24 November 2009 to 23 November 2012	–	–	–	–	–	109,500,000	–	–	109,500,000
Total consultants					50,000,000	–	–	–	50,000,000	148,500,000	–	(12,500,000)	186,000,000

31. SHARE OPTION SCHEME *(Continued)*

Category	Date of grant	Exercise price HK$	Vesting period	Exercise period	Number of share options: Outstanding at 1/1/2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2008 and 1/1/2009	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2009
Employees	10 August 2007	0.49	10 August 2007 to 9 August 2008	10 August 2008 to 9 August 2011	2,333,333	–	–	(2,333,333)	–	–	–	–	–
			10 August 2007 to 9 August 2009	10 August 2009 to 9 August 2011	2,333,333	–	–	(2,333,333)	–	–	–	–	–
			10 August 2007 to 9 August 2010	10 August 2010 to 9 August 2011	2,333,334	–	–	(2,333,334)	–	–	–	–	–
	23 August 2007	0.47	23 August 2007 to 22 August 2008	23 August 2008 to 22 August 2011	3,333,333	–	–	–	3,333,333	–	–	(3,333,333)	–
			23 August 2007 to 22 August 2009	23 August 2009 to 22 August 2011	3,333,333	–	–	–	3,333,333	–	–	(3,333,333)	–
			23 August 2007 to 22 August 2010	23 August 2010 to 22 August 2011	3,333,334	–	–	–	3,333,334	–	–	–	3,333,334
	25 September 2009	0.119	N/A	25 September 2009 to 23 November 2010	–	–	–	–	–	29,333,333	–	–	29,333,333
	24 November 2009	0.146	N/A	24 November 2009 to 23 November 2012	–	–	–	–	–	4,000,000	–	–	4,000,000
Total Employees					17,000,000	–	–	(7,000,000)	10,000,000	33,333,333	–	(6,666,666)	36,666,667
Total					92,000,000	–	–	(7,000,000)	85,000,000	255,833,333	–	(31,666,666)	309,166,667
Exercisable at the end of the year													305,833,333
Weighted average exercise price (HK$)					0.48	–	–	0.49	0.48	0.13	–	0.49	0.19

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The estimated fair value of the options granted on the grant date was HK$25,695,294 (equivalent to US$3,289,715). The fair values of share options granted during the year ended 31 December 2009 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	25 September 2009	5 November 2009	24 November 2009
Grant date share price	HK$0.114	HK$0.128	HK$0.146
Exercise price	HK$0.119	HK$0.128	HK$0.146
Expected volatility (Note)	141.07%	126.12%	122.19%
Expected life	3 years	3 years	3 years
Expected dividend yield	zero	zero	zero
Risk-free rate of interest	5%	5%	5%

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group has recognised total expenses in consolidated statement of comprehensive income of US$3,263,892 (2008: US$122,197) related to equity-settled share-based payment transactions during the year.

32. CAPITAL RESERVE

Capital reserve represents of the capital contribution from the controlling shareholder of the Company through the shares granted by the controlling shareholders to the employees of the Company. During the year ended 31 December 2008, a controlling shareholder of the Company bestowed 26,600,000 ordinary shares in the Company to several employees of the Company. The market price per share of the Company at the date of grant is HK$0.162. This transaction has been accounted for an equity-settled share-based payment transaction and the Company measured the services rendered, and the corresponding increase in equity, directly, by reference to the fair value of the shares given at the grant date. The Group has recognised total expenses of US$556,026 in profit or loss during the year ended 31 December 2008.

33. DEBT RESTRUCTURING

On 2 March 2009, Global Flex (Suzhou) applied to the People's Court of Wuzhong in Suzhou, Jiangsu Province of the PRC (the "Court") for debt restructuring. Based on the negotiation with the creditors over the debt restructuring procedure, a final debt restructuring plan had been submitted to the Court on 18 August 2009, and at the creditors' meeting held on 8 September 2009, the debt restructuring plan was approved by the creditors. On 18 September 2009, the Court ruled that the debt restructuring plan ("the Restructuring Plan") be approved.

In order to implement the Restructuring Plan, the Group entered into the Asset Sale Agreement to dispose of certain property, plant and equipment of Global Flex (Suzhou) and the Share Sale Agreement to dispose of the entire interests in Global Flex (Suzhou) Plant II on 30 July 2009. Pursuant to the Asset Sale Agreement and the Share Sale Agreement, the Group were obliged to discontinue the production of flexible printed circuit boards and flexible printed circuit boards assembly.

The Share Sale Agreement stipulated that the original consideration of RMB129,500,000 (equivalent to US$18,946,598) (subject to the adjustment of the actual maximum liabilities) is to be satisfied by (i) RMB103,600,000 (equivalent to US$15,166,598) by way of cash; and (ii) RMB25,900,000 (equivalent to US$3,780,000) by way of the allotment and issue of the consideration shares, equivalent to 20% of the enlarged issued share capital of the purchaser as at completion. Upon the completion, an adjustment of RMB1,309,000 (equivalent to US$192,126), was made to reduce the original consideration.

Under the Asset Sale Agreement, Global Flex (Suzhou) disposed of certain property, plant and equipment with a carrying amount of US$23,653,972 at a consideration of RMB70,000,000 (equivalent to US$10,247,402). A loss on disposal of property, plant and equipment of US$13,601,822, which is calculated as the difference between the carrying amounts of disposed property, plant and equipment of US$23,653,972, the sales procceds of US$10,247,402 after deducting the related value-added-tax of US$195,252 was recognised during the year.

33. DEBT RESTRUCTURING *(Continued)*

The cash consideration received from the Share Sale Agreement and Asset Sale Agreement were used to (i) repay creditors amounting to US$3,766,219; (ii) repay bank borrowings amounting to US$20,369,864; and (iii) resume normal business operations as a rigid printed circuit board producer in cooperation with the Company's investment partners.

Under the Restructuring Plan, all participating creditors were obliged to follow a deferred repayment schedule and revised repayment terms as below:

(i) the bank borrowings and accrued interest amounting to an aggregate total of US$23,566,815 would be repayable by three instalments on 31 December 2012, 31 December 2013 and 31 December 2014 with the terms being amended from variable-rate borrowings which carried interest rate at variable-rate of the People's Bank of China to fixed-rate borrowings which carried interest rate of 4.78% per annum repayable by installtments over the outstanding loan periods till 31 December 2014;

(ii) the repayment dates of all other payables of US$9,285,393 were deferred to 20 December 2012 with the terms being amended from interest-free debts to interest-bearing debts at fixed interest rate of 5% per annum. The fixed-rate interest was accrued and repayable by three instalments over three-year terms from 21 December 2009 to the final settlement date on 20 December 2012; and

(iii) 50% of all debts other than the bank borrowings, amounting to US$14,069,436, were waived.

The gain on debt restructuring of US$12,092,387 was calculated as the difference between the waiver of trade and other payables of US$14,069,436 and the expenses incurred for debt restructuring of US$1,977,049.

34. DISPOSAL OF SUBSIDIARIES

Other than the disposal of Global Flex (Suzhou) Plant II related to discontinued operations, as set out in note 33, the Group disposed of its entire interest in Forever Jade Holdings Limited, a company incorporated in Samoa, together with its subsidiary, Forever Jade Electronics (Suzhou) Company Limited ("Forever Jade (Suzhou)") (collectively referred to as the "Forever Jade Group"), principally engaged in manufacturing and trading of rigid printed circuit boards assembly to an independent third party.

The total net assets of Global Flex (Suzhou) Plant II and Forever Jade Group at the date of disposal were as follows:

	Global Flex (Suzhou) Plant II	Forever Jade Group	Total
	US$	US$	US$
NET ASSETS DISPOSED OF			
Property, plant and equipment	27,751,509	2,338,226	30,089,735
Prepaid lease payments	1,011,774	—	1,011,774
Trade and other receivables	—	739,899	739,899
Bank balances and cash	93	15,251	15,344
Trade and other payables	(11,534,039)	(3,451,039)	(14,985,078)
	17,229,337	(357,663)	16,871,674
Expenses incurred for disposal and included in other payables	110,028	6,613	116,641
Gain on disposal	1,415,107	351,051	1,766,158
Total consideration	18,754,472	1	18,754,473
Satisfied by:			
Cash	14,974,472	1	14,974,473
Transfer to available-for-sale investments (note 19)	3,780,000	—	3,780,000
	18,754,472	1	18,754,473
Net cash outflow arising on disposal:			
Cash consideration	14,974,472	1	14,974,473
Bank balances and cash disposed of	(93)	(15,251)	(15,344)
	14,974,379	(15,250)	14,959,129

35. MAJOR NON-CASH TRANSACTION

(a) During the year ended 31 December 2009, proceeds from disposal of property, plant and equipment with aggregate amount of US$2,288,276 (2008: US$342,573) was set off with other payables.

(b) During the year ended 31 December 2009, amounted of US$14,069,436 of trade and other payables were waived pursuant to the Restructuring Plan.

(c) During the year ended 31 December 2009, the Group received an investment in interests of unlisted equity securities as part of the consideration of debt restructuring amounting to US$3,780,000 as detailed in notes 19 and 33.

36. MATERIAL LITIGATION

As at 31 December 2009, subsidiaries of the Company have been named as defendants in several PRC court actions in respect of default payment of payable to suppliers and creditors for an aggregate amount of approximately US$2,040,000 (2008: US$26,960,000). The claimed amounts were fully provided in the consolidated financial statements and included in trade and other payables.

37. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases was US$287,380 (2008: US$346,510).

At the end of the reporting period, the group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009	2008
	US$	US$
Within one year	**20,453**	175,294
In the second to fifth year inclusive	**3,095**	24,433
	23,548	199,727

Operating lease payments represent rentals payable by the Group for its factories and staff quarters. Lease terms are negotiated for a term ranged from one to five years with fixed rentals.

38. CAPITAL COMMITMENTS

	2009	2008
	US$	US$
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	—	472,720

39. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks to secure the general banking facilities granted to the Group:

	2009	2008
	US$	US$
Property, plant and equipment	**18,598,476**	43,112,102
Prepaid lease payments	**715,478**	1,759,209
Available-for-sale investments	**3,650,000**	—

40. RETIREMENT BENEFIT SCHEME

In accordance with the relevant PRC rules and regulations, the PRC subsidiaries are required to establish defined contribution plans managed by the relevant local government bureau in the PRC and to make contributions to the plan for its eligible employees. The contribution borne by the Group is calculated according to the level regulated by the municipal government

The total cost charged to profit or loss of US$217,475 (2008: US$752,896) represents contributions payable to this scheme by the Group in respect of the current year. As at 31 December 2009, contributions of US$89,140 (2008: US$341,642) due in respect of the reporting period had not been paid over to the scheme.

41. RELATED PARTY DISCLOSURES

Save as disclosed above for those related party balances at the end of the reporting period date, during the year, the Group had the following significant transactions with related parties:

Name of related parties	Nature of transactions	2009 US$	2008 US$
Mr. Wong Chau Chi, Charles, a director	Interest expenses paid	**200,119**	—
Mr. Hsu Chung, a former director	Rental paid	**2,108**	20,863
Chi Capital Partners Limited	Rental paid	**203,612**	58,839
Chi Capital Securities Limited	Consultancy fee paid	**61,935**	61,935
Vertex Precision Electronics Inc.	Purchase of materials	**—**	1,287,991

In addition to above, for the year ended 31 December 2009 and 2008, certain properties held by Mr. Wong Chau Chi, Charles were occupied by a subsidiary for nil consolidation.

Chi Capital Partners Limited and Chi Capital Securities Limited are beneficially owned by Mr. Wong Chau Chi, Charles, a director of the Company.

During the year ended 31 December 2009, US$713,710 was paid through Chi Capital Holdings Limited, a company which is beneficially owned by Mr. Wong Chau Chi, Charles to the ultimate recipients for the consultancy fee incurred on the CMMB business.

Vertex Precision Electronics Inc. was a shareholder with significant influence of the Company for the year ended 31 December 2008.

Compensation of key management personnel

The remuneration of directors of the Company during the year were as follows:

	2009 US$	2008 US$
Short-term benefits	**446,431**	641,676
Share-based payments	**932,772**	125,420
	1,379,203	767,096

The emoluments of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Share-based payments are granted to several members of key management during the year.

Share options were granted to general members of key management for the year ended 31 December 2009 as set out in note 31.

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportionof nominal value of issued share capital/paid up capital held by the Company				Principal activities
				Directly		Indirectly		
				2009	2008	2009	2008	
Global Technology International Ltd.	British Virgin Islands/Taiwan	Ordinary	US$48,000,000	100%	100%	—	—	Investment holding and trading of printed circuit boards
Global Flex Trading Center Limited	Samoa/Taiwan	Ordinary	*** US$2,000,000	100%	100%	—	—	Trading of printed circuit boards
* Global Flex (Suzhou)	The PRC	Capital contribution	US$48,000,000	—	—	100%	100%	Manufacturing and trading of printed circuit boards
Value Manage International Limited	Hong Kong	Ordinary	HK$2,000,000	—	—	100%	100%	Inactive
Global Technology International Ltd. – Taiwan Branch	Taiwan	Capital contribution	NT$1,000,000	—	—	100%	100%	Provision of administrative service
Forever Jade Holding Limited (note)	Samoa	Ordinary	US$7,400,000	—	100%	—	—	Investment holding
* Forever Jade Electronics (Suzhou) (note)	The PRC	Capital contribution	US$7,400,000	—	—	—	100%	Manufacturing and trading of rigid printed circuit boards assembly
* Global Flex (Suzhou) Plant II (note)	The PRC	Capital contribution	US$29,600,000	—	—	—	100%	Property holding
**Global Flex Technology (Korea) Inc.	Korea	Ordinary	WON50,000,000	—	—	—	100%	Trading of printed circuit boards
****Newell Top Limited	British Virgin Island	Ordinary	US$50,000	—	—	100%	—	Provision of administrative service

* These subsidiaries are wholly-foreign-owned enterprises established in the PRC.

** This subsidiary was dissolved during the year.

*** The registered capital has not been paid up as at 31 December 2009.

**** This subsidiary was incorporated during the year.

Note: These subsidiaries were disposed of during the year as set out in note 33 and 34.

None of the subsidiaries had issued any debt securities at the end of the year.

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 7 January 2010, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 200,000,000 new shares of the Company for an aggregate consideration of HK$20,600,000 at the subscription price of HK$0.103 per ordinary share.

The subscription was completed on 13 January 2010. Details of the subscription are set out in the Company's announcement dated 7 January 2010.

(b) On 28 January 2010, the Company entered into another subscription agreement with the subscribers for the subscription of an aggregate 165,945,000 new shares of the Company for an aggregate consideration of HK$17,922,060 at the subscription price of HK$0.108 per ordinary share.

The subscription was completed on 5 February 2010. Details of the subscription are set out in the Company's announcement dated 28 January 2010.

(c) On 28 April 2010, the Group entered into a conditional sale and purchase agreement to dispose of the available-for-sale investments issued by a limited liability company incorporated in Singapore for a consideration of US$3,650,000. Details are set out in the Company's annoucement dated 28 April 2010. The disposal has not yet been completed at the date of approval of these consolidated financial statements.

Financial Summary

RESULTS

	Year ended 31 December				
	2005	2006	2007	2008	**2009**
	US$	US$	US$	US$	**US$**
	(restated)	(restated)	(restated)	(restated)	
Turnover	60,765,165	130,826,701	143,479,601	37,946,468	**4,606,407**
Profit (Loss) for the year	14,189,312	12,388,005	(29,778,061)	(75,093,827)	**(43,630,161)**

ASSETS AND LIABILITIES

	As at 31 December				
	2005	2006	2007	2008	**2009**
	US$	US$	US$	US$	**US$**
Total assets	248,932,789	339,712,676	245,481,965	129,018,530	**38,500,195**
Total liabilities	(144,195,533)	(222,179,293)	(153,522,708)	(99,932,601)	**(46,838,823)**
Shareholders' funds (deficits)	104,737,256	117,533,383	91,959,257	29,085,929	**(8,338,628)**

Note: The results for four years ended 31 December 2008, and the assets and liabilities as at 31 December 2005, 2006, 2007 and 2008 have been extracted from the Company's respective years' annual reports.