SUNLINK INTERNATIONAL HOLDINGS LIMITED

(Provisional Liquidators Appointed)

科浪國際控股有限公司*

（已委任臨時清盤人）

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2336)

Annual Report 2009

* *for identification purpose only*

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CORPORATE INFORMATION

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS
Mr. Liu Yiu Keung, Stephen
(Appointed by the High Court of HKSAR on 24 December 2008)
Mr. Yen Ching Wai, David
(Appointed by the High Court of HKSAR on 24 December 2008)

BOARD OF DIRECTORS

Executive Director
Dr. Wong Shu Wing *(Chairman)*
(resigned on 1 March 2010)

Independent Non-Executive Directors
Mr. Tso Shiu Kei, Vincent
(Appointed on 12 October 2009)
Mr. Young Meng Cheung, Andrew
(Appointed on 12 October 2009)
Mr. Poon Ka Lee, Barry
(Appointed on 12 October 2009)

AUDITOR
ANDA CPA Limited

REGISTERED OFFICE
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

PRINCIPAL OFFICE
62th Floor, One Island East
18 Westlands Road, Island East
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands
British West Indies

Hong Kong Branch Share Registrar and Transfer Office
Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS
(prior to the appointment of the Provisional Liquidators)
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited (Hong Kong Branch)
CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

STOCK CODE
2336

COMPANY WEBSITE
http://www.equitynet.com.hk/2336

To the best knowledge of the joint and several provisional liquidators (the "Provisional Liquidators") of Sunlink International Holdings Limited (Provisional Liquidators Appointed) (the "Company"), the biographical details of the directors of the Company (the "Directors") are set out below.

EXECUTIVE DIRECTOR

Dr. Wong Shu Wing ("Dr. Wong"), aged 46, was the chairman of the Company. He resigned as an executive Director on 1 March 2010. Dr. Wong was responsible for formulating the Company's and its subsidiaries' (the "Group") overall corporate strategies and business development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tso Shiu Kei, Vincent, aged 43, is a solicitor practising in Hong Kong and a partner of K&L Gates. He has extensive experience in corporate finance and corporate compliance related work in Hong Kong and China. Mr. Tso obtained a bachelor degree in laws and a bachelor degree in commerce from the University of Queensland, Australia. He was admitted as a solicitor in Australia in 1992 and in Hong Kong in 1994.

Mr. Young Meng Cheung, Andrew, aged 50, is a chartered professional engineer of the Institution of Engineers, Australia. Mr. Young has over 20 years experience in technology management, engineering consultation and management consulting. He has worked for the Hong Kong Polytechnic University ("PolyU") since 1998 and is currently the Director of Partnership Development at PolyU. He is currently a non-executive director of Eco-Tek Holdings Limited (stock code: 8169), a director of the Hong Kong Plastics Technology Centre Limited and also a director of various private companies.

Mr. Poon Ka Lee, Barry, aged 50, is an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Association of Chartered Certified Accountants. Mr. Poon has over 25 years experience in audit and accounting and is currently the sole proprietor of K.L. Poon & Co., CPA. Mr. Poon holds a professional diploma in accountancy from PolyU and a master degree in business administration from the University of Manchester.

REPORT OF THE PROVISIONAL LIQUIDATORS

The Provisional Liquidators present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2009 based on the books and records made available to them.

On 2 December 2008, trading in the shares of the Company was suspended on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The board of Directors (the "Board") has authorised the Provisional Liquidators to sign, approve, publish and do all such acts in connection with the annual report. The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this report and the audited consolidated financial statements for the year ended 31 December 2009 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of this annual report and the audited consolidated financial statements for the year ended 31 December 2009 on the basis of the books and records made available to the Provisional Liquidators and, where applicable, having made all reasonable enquiries by them. Therefore, the Provisional Liquidators make no representation as to the completeness of the information contained in this annual report. The basis of preparation of these audited consolidated financial statements is set out in note 2 to the audited consolidated financial statements.

APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

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

APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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

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

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

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

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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

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

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

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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

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

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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

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

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

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

REPORT OF THE PROVISIONAL LIQUIDATORS

PRINCIPAL ACTIVITIES

The Company is an investment holding company and, prior to the suspension of trading in the Shares and through its subsidiaries, was principally engaged in the (i) distribution of semiconductors and related products; (ii) development and sale of auto devices and parts; and (iii) development and sale of wireless devices and solutions. The businesses of development and sale of auto devices and wireless devices and solutions were developed as a result of the Group's capability in research and development of embedding application software for semiconductors which evolved into development of electronic turnkey device solutions. For the year ended 31 December 2009, whilst principally engaged in the business of sale of semiconductors and related products, the Company has always been trying to resurrect the business of development and provision of electronic turnkey device solutions based on its existing consumer electronics business and to optimize synergy benefit from economies of scale and a more efficient supply chain management. The principal activities of its subsidiaries are set out in note 36 to the audited consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Provisional Liquidators have used their best endeavors to locate all the financial and business records of the Group. However, most of the books and records of the Group for the year ended 31 December 2008 had been lost and all of the executive Directors, except for Dr. Wong who subsequently resigned on 1 March 2010, and the accounting personnel of the Group had left prior to the appointment of the Provisional Liquidators and the appointment of the existing independent non-executive Directors. The Provisional Liquidators have been unable to get the cooperation from the former accounting personnel. Some former staff of the Group also verbally advised that the relevant books and records of the Group had been shipped to a PRC warehouse which was subsequent on fire prior to the appointment of the Provisional Liquidators. The Provisional Liquidators are unable to verify the validity that these relevant books and records of the Group had been shipped to a PRC warehouse which was subsequent on fire prior to the appointment of the Provisional Liquidators. The books and records recovered from the office of the Company and its subsidiaries were minimal. The Provisional Liquidators, therefore, are unable to obtain sufficient information to satisfy themselves regarding the treatment of various transactions and balances of the Group for the year ended 31 December 2008. In this respect, the Company will look into the matters related to the loss of books and records.

RESULTS AND APPROPRIATIONS (continued)

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

Any adjustment arising from the matters described above might have a significant consequential effect on the Group's results and financial position for the year ended 31 December 2009 and the related disclosures thereof in the consolidated financial statements for the year ended 31 December 2009.

FINANCIAL REVIEW

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

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

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

FINANCIAL REVIEW (continued)

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

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

To the best knowledge of the Provisional Liquidators, the loss of the Group for the year ended 31 December 2009 and the state of affairs of the Group at that date are set out in the annual report on pages 32 to 33 and 34 respectively.

RESERVES

To the best knowledge of the Provisional Liquidators, details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

LIQUIDITY AND FINANCIAL RESOURCES

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, the Group had bank and cash balances of approximately HK$8,867,000 (2008: approximately HK$724,000). The Group had total assets of approximately HK$12,853,000 (2008: approximately HK$724,000) which was financed by current liabilities of approximately HK$280,186,000 (2008: approximately HK$234,782,000), and deficiency of equity attributable to equity holders of the Company of approximately HK$267,333,000 (2008: approximately HK$234,058,000). The current ratio was approximately 4.6% (2008: approximately 0.3%). The gearing ratio of the Group could not be determined as the Group had net liabilities as at 31 December 2009 (2008: could not be determined). The gearing ratio represents total borrowings to the sum of equity attributable to the equity holders of the Company and total borrowings of the Group.

DIVIDEND

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

MATERIAL ACQUISITION AND DISPOSAL

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

PROSPECTS

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

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

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

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

CAPITAL STRUCTURE

For the year ended 31 December 2009, to the best knowledge of the Provisional Liquidators, there was no change in the capital structure and issued share capital of the Company.

PROPERTY, PLANT AND EQUIPMENT

To the best knowledge of the Provisional Liquidators, movements in the property, plant and equipment of the Group during the year ended 31 December 2009 are set out in note 18 to the audited consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

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

FINANCIAL GUARANTEE LIABILITIES

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

CONTINGENT LIABILITIES

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

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

PLEDGE OF ASSETS

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, a floating charge on all the assets of Global Winner Enterprises Limited, a subsidiary of the Company, was created during the year as a pledge to secure the working capital facility granted by the Investor (2008: nil).

LEASE COMMITMENTS

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

CAPITAL COMMITMENTS

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

SHARE CAPITAL

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

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

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

SHARE CAPITAL (continued)

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

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

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

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

RELATED PARTY TRANSACTIONS

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Apart from those events as disclosed elsewhere in this report, to the best knowledge of the Provisional Liquidators, the Group has no significant events subsequent to the year ended 31 December 2009.

MANAGEMENT ANALYSIS

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

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

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

SHARE OPTION SCHEME

To the best knowledge of the Provisional Liquidators, during the year ended 31 December 2009, details of the movement in share options which have been granted to the following category of participants under the Company's share option scheme are as follows:

Name of category	Date of grant of share option	Exercise period	Exercise price of share options *HK$*	Balance as at 1/1/2009	Exercise during the year	Lapsed during the year	Balance as at 31/12/2009
Director	25/6/2007	25/6/2007 to 24/6/2017	0.694	13,100,000	–	–	13,100,000
Exercisable at 31 December 2009							13,100,000
Weighted average exercise price (HK$)				0.694	–	–	0.694

Notes:

– In accordance with the terms of the share-based arrangement, these options will vest if certain non-market performance conditions, for example sale target, are fulfilled within 1 to 2 years from the date of grant. These options are exercisable on the vesting date.

– In accordance with the terms of the share-based arrangement, these options will vest if the share price of the Company exeeds certain amount within 1 year from the date of grant. These options are exercisable on the vesting date.

In the year ended 31 December 2008, details of movement in share options which have been granted to the following category of participants under the Company's share option scheme are as follows:

Name of category	Date of grant of share options	Exercise period	Exercise price of share options *HK$*	Balance as at 1/1/2008	Exercised during the year	Lapsed during the year	Balance as at 31/12/2008
2008							
Directors	25/6/2007	25/6/2007 to 24/6/2017	0.694	26,900,000	–	(13,800,000)	13,100,000
	13/8/2007	13/8/2007 to 12/8/2017	0.520	200,000	–	(200,000)	–
Employees	25/6/2007	25/6/2007 to 24/6/2017	0.694	20,400,000	(100,000)	(20,300,000)	–
	13/8/2007		0.520	75,904,800	–	(75,904,800)	–
				123,404,800	(100,000)	(110,204,800)	13,100,000
Exercisable at 31 December 2008							13,100,000
Weighted average exercise price (HK$)				0.587	0.694	0.574	0.694

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Director:

Dr. Wong Shu Wing	*(resigned on 1 March 2010)*

Independent Non-executive Directors:

Mr. Tso Shiu Kei, Vincent	*(appointed on 12 October 2009)*
Mr. Young Meng Cheung, Andrew	*(appointed on 12 October 2009)*
Mr. Poon Ka Lee, Barry	*(appointed on 12 October 2009)*

In accordance with the provisions of the Company's Articles of Association, Messrs. Tso Shiu Kei, Vincent, Young Meng Cheung, Andrew and Poon Ka Lee, Barry will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. To the best knowledge of the Provisional Liquidators, the executive Director has entered into a service agreement with the Company with an initial term as follows:

Name of executive Director	Date of service agreement	Initial term
Dr. Wong Shu Wing	20 December 2002	Three years

The above service agreement had continued after their respective initial terms from year to year until terminated by either party with a three months' notice in writing served on the other side. All the executive Directors except the chairman of the board of Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Articles of Association. Dr. Wong resigned as an executive Director on 1 March 2010. Details are set out in note 2 to the audited consolidated financial statements.

Each of the three existing independent non-executive Directors has not entered into any services contract with the Company and has not been appointed for a specific term. Each independent non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Articles of Association.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting 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 OR SHORT POSITIONS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

To the best knowledge of the Provisional Liquidators, as at 31 December 2009, the issued share capital of the Company consisted of ordinary shares. The interests and short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO'')) as recorded in the Company's register kept under section 352 of the SFO were as follows:

Interest in the Company's shares

	Nature of interest		Total number of ordinary shares held		Percentage of the issued share capital
Name of shareholder	Registered shareholder	Corporate interest	Long position	Short position	of the Company
Best Eagle International Limited	571,200,000	–	571,200,000 *(Note)*	–	30.63%
Dr. Wong Shu Wing	38,200,000	571,200,000	609,400,000 *(Note)*	–	32.68%

Note: These shares are held by Best Eagle International Limited, a company incorporated in the British Virgin Islands ("BVI''). The entire issued share capital of Best Eagle International Limited is beneficially owned by Dr. Wong Shu Wing. Therefore, both Best Eagle International Limited and Dr. Wong Shu Wing are deemed to have the duplicate interests in the share capital of the Company under the SFO.

Dr. Wong Shu Wing resigned as an executive Director on 1 March 2010.

Other than as disclosed above, to the best knowledge of the Provisional Liquidators, none of the directors, nor their associates, had any interests or short positions in any shares of the Company or any of its associated corporations as at 31 December 2009.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

At 31 December 2009, in accordance with the register of substantial shareholders kept by the Company pursuant to section 336 of the SFO and, to the best knowledge of the Provisional Liquidators, the following persons were interested in the issued capital (including short positions) representing 5% or more of the issued share capital:

Name of substantial shareholder	Nature of interest Registered shareholder	 Corporate interest	Total number of ordinary shares held Long position	 Short position	Percentage of the issued share capital of the Company
Best Eagle International Limited	571,200,000	–	571,200,000 *(Note 1)*	–	30.63%
Dr. Wong Shu Wing	38,200,000	571,200,000	609,400,000 *(Note 1)*	–	32.68%
State Street Bank and Trust Company Boston	202,152,000	–	202,152,000 *(Note 2)*	–	10.84%
Fu Guang Holdings Limited	187,481,600	–	187,481,600 *(Note 3)*	–	10.05%
Mr. Lee Yin Yee	–	187,481,600	187,481,600 *(Note 3)*	–	10.05%
D & M International Limited	145,700,000	–	145,700,000 *(Note 4)*	–	7.81%
Mr. Leung Yu Ming, Steven	–	145,700,000	145,700,000 *(Note 4)*	–	7.81%

SUBSTANTIAL SHAREHOLDERS (continued)

Note 1: The entire issued share capital of Best Eagle International Limited is beneficially owned by Dr. Wong Shu Wing. Therefore, both Best Eagle International Limited and Dr. Wong Shu Wing are deemed to have the duplicate interests in the share capital of the Company under the SFO.

Note 2: State Street Bank and Trust Company Boston holds the shares on behalf of Dubai Investment Group Limited.

Note 3: The entire issued share capital of Fu Guang Holdings Limited is beneficially owned by Mr. Lee Yin Yee. Therefore, both Fu Guang Holdings Limited and Mr. Lee Yin Yee are deemed to have the duplicate interests in the share capital of the Company under the SFO.

Note 4: The entire issued share capital of D & M International Limited is beneficially owned by Mr. Leung Yu Ming, Steven. Therefore, both D & M International Limited and Mr. Leung Yu Ming, Steven are deemed to have the duplicate interests in the share capital of the Company under the SFO.

Note 5: On 19 March 2009, Ms. Chan Wing Yee, Belinda ("Ms. Chan") filed a "FORM 1 – lndividual Substantial Shareholder Notice" claiming that 2,532,000 shares of the Company (i.e. approximately 0.14% of the then issued shares of the Company) were beneficially owned by her, 8,880,800 shares of the Company (i.e. approximately 0.48% of the then issued shares of the Company) were beneficially owned by her and Mr. Fan Wing Cheong ("Mr. Fan") jointly and 608,400,000 shares of the Company (i.e. approximately 32.63% of the then issued shares of the Company) were beneficially owned by them through Premium Class lnvestments Limited ("Premium Class"), a company jointly owned by Ms. Chan and Mr. Fan. As a result, Ms. Chan has claimed that a total of 619,812,800 shares of the Company (i.e. approximately 33.24% of the then issued shares of the Company) are beneficially owned by her.

On the same date, Mr. Fan filed a "FORM 1 – lndividual Substantial Shareholder Notice" claiming that 37,377,617 shares of the Company (i.e. approximately 2.00% of the then issued shares of the Company) were beneficially owned by him, 8,880,800 shares of the Company (i.e. approximately 0.48% of the then issued shares of the Company) were beneficially owned by him and Ms. Chan jointly and 608,400,000 shares of the Company (i.e. approximately 32.63% of the then issued shares of the Company) were beneficially owned by them through Premium Class. As a result, Mr. Fan has claimed that a total of 654,658,417 shares of the Company (i.e. approximately 35.11% of the then issued shares of the Company) are beneficially owned by her.

On the same date, Premium Class filed a "FORM 1 – lndividual Substantial Shareholder Notice" claiming that 608,400,000 shares of the Company (i.e. approximately 32.63% of the then issued shares of the Company) were beneficially owned by them.

The Provisional Liquidators were unable to substantiate the correctness of any of the above claims.

Save as disclosed herein, as at 31 December 2009, to the best knowledge of the Provisional Liquidators, no other person was recorded in the Company's register maintained by the Company pursuant to Section 336 of the SFO as having an interest in the issued share capital of the Company representing 5% or more of the issued capital. Save as disclosed herein, the Provisional Liquidators are not aware of any person other than the persons (including his personal, family and corporate interests) as aforementioned, who had, directly or indirectly, an interest in the issued capital (including short positions) representing 5% or more of the issued capital as at 31 December 2009.

INDEPENDENCE

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

RETIREMENT BENEFITS SCHEMES

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

PRE-EMPTIVE RIGHTS

To the best knowledge of the Provisional Liquidators, there is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Provisional Liquidators, as at the latest practicable date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

REVIEW BY AUDIT COMMITTEE

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

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the published consolidated results, assets and liabilities and minority interests of the Group for the last five financial years is set out on page 79 of this report. This summary is for information only, it does not form part of audited consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 December 2007 have been audited by Deloitte Touche Tohmatsu who resigned their office as auditor of the Company on 25 June 2009. At the extraordinary general meeting of the Company held on 27 July 2009, the members of the Company resolved to appoint ANDA CPA Limited as auditor of the Company. The consolidated financial statements for the years ended 31 December 2008 and 2009 have been audited by ANDA CPA Limited.

For and on behalf of
Sunlink International Holdings Limited
(Provisional Liquidators Appointed)

Stephen Liu Yiu Keung
David Yen Ching Wai
Joint and Several Provisional Liquidators
who act without personal liabilities

Hong Kong, 17 June 2010

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF
SUNLINK INTERNATIONAL HOLDINGS LIMITED
(Provisional Liquidators Appointed)
科浪國際控股有限公司
（已委任臨時清盤人）
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Sunlink International Holdings Limited (Provisional Liquidators Appointed) (the "Company") set out on pages 32 to 78, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

PROVISIONAL LIQUIDATORS' AND DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Provisional Liquidators and Directors' of the Company (the "Provisional Liquidators and Directors") are responsible for the preparation and the true and fair presentation of these 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 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 financial statements based on our audit and to report our opinion solely to you, as a body, 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 for the limitation in the scope of our work as described in the basis for disclaimer of 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 financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

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

BASIS FOR DISCLAIMER OF OPINION (continued)

2. Deconsolidation of the subsidiaries

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

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

3. Accruals and other payables

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

4. Current tax liabilities

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

5. Commitments and contingent liabilities

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

BASIS FOR DISCLAIMER OF OPINION (continued)

6. Related party transactions and balances

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

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

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

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

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

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

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

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 17 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	7&9	**33,080**	857,810
Cost of sales		**(30,305)**	(708,599)
Gross profit		**2,775**	149,211
Other income	8	**24**	536
Selling expenses		**–**	(7,729)
Administrative expenses		**(5,402)**	(22,648)
Loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries	10	**(25)**	(425,876)
Other losses	11	**(30,284)**	(206,495)
Loss from operations		**(32,912)**	(513,001)
Finance cost	12	**(13)**	(3,818)
Loss before tax		**(32,925)**	(516,819)
Income tax expense	13	**(350)**	(18,032)
Loss for the year	14	**(33,275)**	(534,851)
Other comprehensive expense after tax:			
Exchange differences on translating foreign operations		**–**	124
Exchange differences reclassified to profit or loss upon deconsolidation of subsidiaries		**–**	(633)
Other comprehensive expense for the year, net of tax		**–**	(509)
Total comprehensive expense for the year		**(33,275)**	(535,360)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Equity holders of the Company		**(33,275)**	(534,898)
Minority interests		**–**	47
		(33,275)	(534,851)
Total comprehensive expense for the year attributable to:			
Equity holders of the Company		**(33,275)**	(535,407)
Minority interests		**–**	47
		(33,275)	(535,360)
Loss per share	17		
Basic (HK cents per share)		**(1.78)**	(28.68)
Diluted (HK cents per share)		**(1.78)**	(28.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Property, plant and equipment	18	**11**	–
Investment in an associate	19	**–**	–
		11	–
Current assets			
Inventories	20	**1,045**	–
Trade receivables	21	**2,930**	–
Bank and cash balances		**8,867**	724
		12,842	724
Current liabilities			
Trade and bills payables	22	**837**	–
Accruals and other payables	23	**17,500**	3,567
Due to deconsolidated subsidiaries	25	**26,617**	26,617
Current tax liabilities		**1,938**	1,588
Financial guarantee liabilities	24	**233,294**	203,010
		280,186	234,782
Net current liabilities		**(267,344)**	(234,058)
NET LIABILITIES		**(267,333)**	(234,058)
Capital and reserves			
Share capital	27	**186,478**	186,478
Reserves	28	**(453,811)**	(420,536)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(267,333)**	(234,058)

Approved by:

Stephen Liu Yiu Keung
Provisional Liquidator

David Yen Ching Wai
Provisional Liquidator

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to equity holders of the Company								
	Share capital	Share premium	Special reserve	Share option reserve	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	186,468	10,223	(64,907)	10,500	671	161,759	304,714	1,103	305,817
Total comprehensive expense for the year	–	–	–	–	(509)	(534,898)	(535,407)	47	(535,360)
Shares issued by a subsidiary	–	–	–	–	–	–	–	148	148
Deconsolidation of subsidiaries	–	–	–	–	–	–	–	(1,298)	(1,298)
Recognition of equity-settled share based payment arising from lapse of share options	–	5,112	–	(8,546)	–	–	(3,434)	–	(3,434)
Shares issued upon exercise of share options (note 27(a))	10	74	–	(15)	–	–	69	–	69
At 31 December 2008	186,478	15,409	(64,907)	1,939	162	(373,139)	(234,058)	–	(234,058)
At 1 January 2009	186,478	15,409	(64,907)	1,939	162	(373,139)	(234,058)	–	(234,058)
Total comprehensive expense for the year	–	–	–	–	–	(33,275)	(33,275)	–	(33,275)
At 31 December 2009	186,478	15,409	(64,907)	1,939	162	(406,414)	(267,333)	–	(267,333)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Cash flows from operating activities			
Loss before tax		**(33,925)**	(516,819)
Adjustments for:			
Depreciation		–	1,680
Reversal of equity-settled share-based payments		–	(3,434)
Gain on disposal of property, plant and equipment		–	(33)
Impairment on investment costs in the deconsolidated subsidiaries		–	14,025
Loss on deconsolidation of subsidiaries		–	272,032
Impairment on amounts due from the deconsolidated subsidiaries		**25**	139,819
Loss on financial guarantee liabilities		**30,284**	203,010
Reversal of allowance for doubtful debts		–	(58)
Impairment on prepayments, deposits and other receivables		–	3,445
Interest income		–	(29)
Finance cost		**13**	3,818
Operating cash flows before working capital changes		**(2,603)**	117,456
Change in inventories		**(1,045)**	(36,730)
Change in prepayments, deposits and other receivables		–	(39,303)
Change in trade receivables		**(2,930)**	(104,102)
Change in due from an associate		–	(2,274)
Change in trade and bills payables		**837**	24,477
Change in accruals and other payables		**5,933**	17,108
Cash generated from/(used in) operations		**192**	(23,368)
Tax paid		–	–
Net cash generated from/(used in) operating activities		**192**	(23,368)
Cash flows from investing activities			
Interest received		–	29
Decrease in pledged bank deposits		–	2,000
Proceeds on disposal of property, plant and equipment		–	57
Purchase of property, plant and equipment		**(11)**	(15,837)
Purchase of club debenture		–	(238)
Prepayment for acquisition for property, plant and equipment		–	(1,000)
Deconsolidation of subsidiaries	10	–	(67,397)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Net cash used in investing activities		**(11)**	(82,386)
Cash flows from financing activities			
Interest paid		**(13)**	(3,818)
Repayments of bank loans		–	(14,204)
New bank loans raised		–	17,319
Increase in trust receipt loans		–	13,444
Decrease in bank borrowings from discounted bills receivables with full recourse		–	(4,662)
Due from deconsolidated subsidiaries		**(25)**	(800)
Proceeds from issue of shares upon exercise of share options		–	69
Proceeds from issue of shares by a subsidiary		–	148
Loan from the Investor		**8,000**	–
Net cash generated from financing activities		**7,962**	7,496
Net increase/(decrease) in cash and cash equivalents		**8,143**	(98,258)
Effect of foreign exchange rate changes		–	154
Cash and cash equivalents at beginning of year		**724**	98,828
Cash and cash equivalents at end of year		**8,867**	724
Analysis of cash and cash equivalents			
Bank and cash balances		**8,867**	724
		8,867	724

1. General information

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

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

The Company is an investment holding company and, prior to the suspension of trading in the shares and through its subsidiaries, was principally engaged in the (i) distribution of semiconductors and related products; (ii) development and sale of auto devices and parts; and (iii) development and sale of wireless devices and solutions. The businesses of development and sale of auto devices and wireless devices and solutions were developed as a result of the Group's capability in research and development of embedding application software for semiconductors which evolved into development of electronic turnkey device solutions. For the year ended 31 December 2009, whilst principally engaged in the business of sale of semiconductors and related products, the Company has always been trying to resurrect the business of development and provision of electronic turnkey device solutions based on its existing consumer electronics business and to optimize synergy benefit from economies of scale and a more efficient supply chain management.The principal activities of its subsidiaries are set out in note 36 to these consolidated financial statements.

2. Basis of preparation

Winding-up petition and appointment of the provisional liquidators

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

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

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

2. Basis of preparation (continued)

Suspension of trading in the shares of the Company

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

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

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

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

Proposed restructuring of the Group

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

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

2. Basis of preparation (continued)

Proposed restructuring of the Group (continued)

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

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

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

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

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

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

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

2. Basis of preparation (continued)

Proposed restructuring of the Group (continued)

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

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

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

Loss of books and records of the Group

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

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

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

2. Basis of preparation (continued)

Loss of books and records of the Group (continued)

Any adjustment arising from the matters described above might have a significant consequential effect on the Group's results and financial position for the year ended 31 December 2009 and the related disclosures thereof in the consolidated financial statements.

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

Deconsolidation of subsidiaries

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

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

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

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

2. Basis of preparation (continued)

Deconsolidation of subsidiaries (continued)

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

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

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

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

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

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

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

2. Basis of preparation (continued)

Deconsolidation of subsidiaries (continued)

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

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

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

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

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

Going concern

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

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

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

3. Adoption of new and revised Hong Kong financial reporting standards

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

a. Presentation of financial statements

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

b. Operating segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively. The segment accounting policies under HKFRS 8 are stated in note 9 to the consolidated financial statements.

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

4. Significant accounting policies

Statement of compliance

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

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

4. Significant accounting policies (continued)

Statement of compliance (continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires the Directors and Provisional Liquidators to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between minority and owners of the Company (majority interests). Losses applicable to the minority in excess of the minority interests in the subsidiary's equity are allocated against the majority interests except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the minority's share of losses previously absorbed by the majority has been recovered.

4. Significant accounting policies (continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the associate and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

4. Significant accounting policies (continued)

Foreign currency translation (continued)

b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. Significant accounting policies (continued)

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20%-25% or over the terms of lease, whichever is shorter
Plant and machinery	20%-25%
Office equipment	20%-25%
Furniture and fixtures	20%-25%
Computer equipment	20%-50%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. Significant accounting policies (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income 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 is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. Significant accounting policies (continued)

Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in the profit or loss on a straight-line basis over the terms of the guarantee contracts.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

4. Significant accounting policies (continued)

Employee benefits

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

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 capitalised as part of 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.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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 differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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 arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

4. Significant accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A party is related to the Group if:

a) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

b) the party is an associate;

c) the party is a joint venture;

d) the party is a member of the key management personnel of the Company or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. Significant accounting policies (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables 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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical judgements and key estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors and Provisional Liquidators have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group being able to achieve a successful restructuring and continue its business. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

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, are discussed below.

a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

c) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

5. Critical judgements and key estimates (continued)

Key sources of estimation uncertainty (continued)

d) Financial guarantee liabilities

The determination of the financial guarantee liabilities involves management's estimation. The Group assesses the probability and magnitude of the outflow of resources embodying economic benefits will be required to settle the obligations and if the expectation differs from the original estimate, such a difference may impact the carrying amount of the financial guarantee liabilities as at 31 December 2009.

6. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities or United States dollars for Hong Kong dollar functional currency Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2009 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables and cash and bank balances. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors and Provisional Liquidators review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors and Provisional Liquidators consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk.

c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

6. Financial risk management (continued)

d) Interest rate risk

At 31 December 2009, the Group did not have significant interest rate risk.

e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Turnover

The Group's turnover is as follows:

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

8. Other income

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

9. Segment information

The Group has three reportable segments as follows:

– Semiconductors and related business

– Auto devices and parts business

– Wireless devices and solutions business

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

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include dividend income, gains or losses from investments and derivative instruments, unallocated corporate other income, unallocated corporate expenses, loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries, other losses, finance cost and income tax expense. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

9. Segment information (continued)

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

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

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

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

9. Segment information (continued)

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

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

Geographical information:

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

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

10. Loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries

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

10. Loss on deconsolidation of the subsidiaries and impairment on investment costs and amounts due from deconsolidated subsidiaries (continued)

Loss on deconsolidation of subsidiaries

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

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

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

11. Other losses

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

12. Finance cost

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

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

13. Income tax expense

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

13. Income tax expense (continued)

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

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

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

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

14. Loss for the year

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

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

15. Directors' emoluments and the five highest paid individuals

The emoluments of each Director were as follows:

	Fee	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of Directors						
Wong Shu Wing *(Note (a))*	20	–	–	–	–	20
Tso Shiu Kei, Vincent *(Note (b))*	10	–	–	–	–	10
Young Meng Cheung, Andrew *(Note (b))*	10	–	–	–	–	10
Poon Ka Lee, Barry *(Note (b))*	10	–	–	–	–	10
Total for 2009	50	–	–	–	–	50

Notes:

(a) Resigned on 1 March 2010

(b) Appointed on 12 October 2009

The five highest paid individuals in the Group during the year included nil Directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 5 individuals are set out below:

	2009
	HK$'000
Basic salaries and allowances	**315**
Share-based payments	**–**
Retirement benefit scheme contributions	**16**
	331

The emoluments fell within the following band:

	Number of individuals 2009
Nil-HK$1,000,000	**5**
HK$1,000,001-HK$1,500,000	**–**
HK$1,500,001-HK$2,000,000	**–**
	5

15. Directors' emoluments and the five highest paid individuals (continued)

During the year, no emoluments was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

No information in relation to the Directors' emoluments and the five highest paid individuals for the year ended 31 December 2008 was disclosed in the consolidated financial statements because the Directors and Provisional Liquidators could not obtain sufficient information in this regard. Details are explained in note 2 to the consolidated financial statements.

16. Retirement benefit schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages and vest fully with employees when contributed into the MPF Scheme.

17. Loss per share

Basic loss per share

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

Diluted loss per share

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

18. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Office equipment	Furniture and fixtures	Computer equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost							
At 1 January 2008	4,174	5,016	8,018	1,741	1,704	1,002	21,655
Additions	6,875	13,589	–	–	–	–	20,464
Disposals	–	(24)	–	–	–	–	(24)
Deconsolidation of subsidiaries	(11,049)	(18,581)	(8,018)	(1,741)	(1,704)	(1,002)	(42,095)
At 31 December 2008 and 1 January 2009	–	–	–	–	–	–	–
Additions					11	–	11
At 31 December 2009	–	–	–	–	11	–	11
Accumulated depreciation							
At 1 January 2008	2,508	71	5,910	1,741	1,033	538	11,801
Charge for the year	352	423	676	–	144	85	1,680
Written back on deconsolidation of subsidiaries	(2,860)	(494)	(6,586)	(1,741)	(1,177)	(623)	(13,481)
At 31 December 2008, 1 January and 31 December 2009	–	–	–	–	–	–	–
Carrying amount							
At 31 December 2009	–	–	–	–	11	–	11
At 31 December 2008	–	–	–	–	–	–	–

19. Investment in an associate

	2009	2008
	HK$'000	*HK$'000*
Share of net assets	**–**	–

Details of the Group' associate which is held indirectly by the Company are as follows:

Name	**Place of incorporation and operation**	**Issued and paid up capital**	**Percentage of ownership interest/ voting power/ profit sharing**	**Principal activities**
Spaceinet Sunlink Limited	Hong Kong	10,000 ordinary shares of HK$1 each	45%	Trading of electronic parts and provision of technology solutions

The Group has discontinued recognition of its share of loss of the associate. The amounts of unrecognised share of the associate, extracted from the consolidated financial statements of the associate, cumulatively, are as follows:

	2009	2008
	HK$'000	*HK$'000*
Unrecognised share of losses of the associate for the year	**–**	–
Accumulated unrecognised share of losses of the associate	**454**	454

No updated financial information of Spaceinet Sunlink Limited is available to the Company.

20. Inventories

	2009	2008
	HK$'000	*HK$'000*
Merchandises	**1,045**	–

21. Trade receivables

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

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

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

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

22. Trade and bills payables

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

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

23. Accruals and other payables

	2009	2008
	HK$'000	*HK$'000*
Earnest money *(Note (a))*	**5,000**	–
Loan from the Investor *(Note (b))*	**8,000**	–
Other accruals and other payables	**4,500**	3,567
	17,500	3,567

Notes:

(a) The earnest money was received from the Investor according to the Exclusivity Agreement.

(b) The loan from the Investor of HK$8,000,000 carries an annual interest rate of 1%, is repayable on the earlier of (i) 2 July 2011; and (ii) the date following which the completion has failed to take place; and (iii) the date on which the Investor notifies the borrower, Global Winner Enterprises Limited ("Global Winner"), an indirect subsidiary of the Company, that it does not wish to proceed with the proposed restructuring in the event that the resumption proposal or any application for review, revision or appeal has been rejected by the Stock Exchange, and is secured by a floating charge on all the assets of Global Winner.

24. Financial guarantee liabilities

The Company provides corporate guarantees for all the bank loans and certain other payables maintained by its subsidiaries which were deconsolidated from the consolidated financial statements of the Group since 1 July 2008, details of the deconsolidation have been disclosed in notes 2 and 10 to the consolidated financial statements of the Company for the year ended 31 December 2008. As such, the Company is liable to the financial guarantee liabilities of approximately HK$233,294,000 as at 31 December 2009 (2008: approximately HK$203,010,000). Liabilities of the Company are expected to be discharged under the proposed schemes of arrangement of the Company upon the completion of the proposed restructuring.

25. Due to deconsolidated subsidiaries

The amounts due to deconsolidated subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

26. Deferred taxation

No provision for deferred taxation has been made in the consolidated financial statements as the tax effect of temporary differences is immaterial to the Group.

27. Share capital

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

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

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

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

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

During the year 2008, options were exercised to subscribe for 100,000 ordinary shares in the Company at a total consideration of approximately HK$69,000 of which approximately HK$10,000 was credited to share capital and the balance of approximately HK$59,000 was credited to the share premium account. Approximately HK$15,000 has been transferred from the share option reserve to the share premium account in accordance with the accounting policy set out in note 4 to the consolidated financial statements.

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

28. Reserves

a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

b) Nature and purpose of reserves of the Group

(i) Share premium

Under the Companies Law of the Cayman Islands, subject to the Company's memorandum and articles of association, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

Special reserve represents the difference between the paid up capital and share premium of the then holding companies of the subsidiaries acquired as a result of the group reorganisation which had been completed on 20 December 2002 and the costs of investments in subsidiaries of the Company.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

(iv) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

29. Share-based payments

Equity-settled share option scheme

A share option scheme (the "Scheme") was adopted at a special general meeting of the Company held on 12 February 2003 and will expire in February 2013. Under the Scheme, the board of Directors of the Company may, at their discretion, grant options to employees, including executive Directors of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the relevant option, which must be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant option.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares in respect of which options may granted under the Scheme, when aggregated with any shares subject to any other schemes shall not exceed 10% of the issued share capital of the Company immediately upon the listing of the shares on the Stock Exchange, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in aggregate in any 12-month period shall not exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

Details of the movements of the outstanding share options granted under the Scheme during the years ended 31 December 2009 and 2008 are summarised as follows:

Name of category	Date of grant of share option	Exercise period	Exercise price of share options	Balance as at 1/1/2009	Exercise during the year	Lapsed during the year	Balance as at 31/12/2009
			HK$				
Director	25/6/2007	25/6/2007 to 24/6/2017	0.694	13,100,000	–	–	13,100,000
Exercisable at 31 December 2009							13,100,000
Weighted average exercise price (HK$)				0.694	–	–	0.694

Name of category	Date of grant of share options	Exercise period	Exercise price of share options	Balance as at 1/1/2008	Exercised during the year	Lapsed during the year	Balance as at 31/12/2008
			HK$				
2008							
Directors	25/6/2007	25/6/2007 to 24/6/2017	0.694	26,900,000	–	(13,800,000)	13,100,000
	13/8/2007	13/8/2007 to 12/8/2017	0.520	200,000	–	(200,000)	–
Employees	25/6/2007	25/6/2007 to 24/6/2017	0.694	20,400,000	(100,000)	(20,300,000)	–
	13/8/2007	*Notes (b) and (c)*	0.520	75,904,800	–	(75,904,800)	–
				123,404,800	(100,000)	(110,204,800)	13,100,000
Exercisable at 31 December 2008							13,100,000
Weighted average exercise price (HK$)				0.587	0.694	0.574	0.694

29. Share-based payments (continued)

Equity-settled share option scheme (continued)

At 31 December 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 13,100,000 (2008: 13,100,000), representing 0.7% (2008: 0.7%) of the shares of the Company in issue at that date.

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.5 years (2008: 8.5 years).

The estimated fair value of the options on the date of grant was calculated using the Binominal Model. The inputs into the model were as follows:

Date of grant	Exercise price	Number of share options	Share price	Expected volatility	Expected life	Risk-free rate	Estimated expected dividend yield	Fair value per option
	HK$		*HK$*	*%*	*Years*	*%*	*%*	*HK$*
25/6/2007 *(Note (a))*	0.694	47,300,000	0.68	39.41	1	4.07	–	0.148
13/8/2007 *(Note (a))*	0.520	200,000	0.53	40.24	5	4.40	–	0.326
13/8/2007 *(Note (b))*	0.520	57,268,000	0.53	40.24	2	4.06	–	0.207
13/8/2007 *(Note (c))*	0.520	18,636,800	0.53	40.24	1	3.99	–	0.148

Notes:

(a) In accordance with the terms of the share-based arrangement, these options granted during the year vest at the date of their grant.

(b) In accordance with the terms of the share-based arrangement, these options will vest if certain non-market performance conditions, for example sale target, are fulfilled within 1 to 2 years from the date of grant. These options are exercisable on the vesting date.

(c) In accordance with the terms of the share-based arrangement, these options will vest if the share price of the Company exceeds certain amount within 1 year from the date of grant. These options are exercisable on the vesting date.

Expected volatility was determined by using the historical volatility of similar entities following a comparable period in their lives.

29. Share-based payments (continued)

Equity-settled share option scheme (continued)

In respect of the share options exercised during the year 2008, the weighted average share price at the dates of exercise is HK$0.694. For the year ended 31 December 2008, the Company recognised the reversal of expense of approximately HK$3,434,000 in relation to equity-settled share-based payment transactions during the year.

The Binominal Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Consideration paid for each grant of option is HK$1. The total consideration received during the year from employees for taking up the options granted is nil (2008: nil).

30. Contingent liabilities

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

Save as disclosed above, to the best knowledge of the Provisional Liquidators, the Group did not have any significant contingent liabilities as at 31 December 2009 (2008: nil).

31. Pledge of assets

As at 31 December 2009, a floating charge on all the assets of Global Winner was created during the year as a pledge to secure the Working Capital Facility granted by the Investor (2008: nil).

32. Lease commitments

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

33. Capital commitment

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

34. Related party transaction

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

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

35. Events after the reporting period

Winding-up petition

On 11 May 2010, pursuant to a court order of the High Court of Hong Kong, the Petition was ordered to be further adjourned to 1 November 2010.

Listing status

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

Proposed restructuring of the Group

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

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

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

35. Events after the reporting period (continued)

Proposed restructuring of the Group (continued)

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

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

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

On 14 June 2010, the Financial Adviser tendered its resignation to the Company. The Company will engage a new financial adviser as soon as practicable.

36. Particulars of the subsidiaries of the Company

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Ocean King Investment Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
J-Link Group Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Rawason Development Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink Geomatics Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding

36. Particulars of the subsidiaries of the company (continued)

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
Sunlink Hitech (BVI) Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink International Investments Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink Wavecom Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	90.5%	Trading of electronic products
Sunlink M2M Technologies Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink M2M Solutions Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink mSolutions Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Sunlink Technologies Holdings Limited	British Virgin Islands	700 ordinary share of US$1	100%	–	Investment holding
Sunlink Technologies Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Suniview Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	51%	Inactive
Sunlink Investments (B.V.I.) Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding

36. Particulars of the subsidiaries of the company (continued)

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
Sunlink Group Investments (HK) Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Inactive
Smart Victory Development Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Global Winner Enterprises Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Sale of semiconductors and related products
駿泰陽軟件科技(深圳)有限公司*	People's Republic of China	Registered capital of HK$3M	–	100%	Provision of technology solutions

* 駿泰陽軟件科技(深圳)有限公司 is a wholly owned foreign enterprise established in the PRC.

As mentioned in note 2 to the consolidated financial statements, the control over the CVL subsidiaries, Hoover Technologies and Jun Tai Yang Technologies (Shenzhen) Limited were deemed to be lost since 1 July 2008. Therefore, the Company's subsidiaries did not include these companies.

37. Statement of financial position of the company

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investments in subsidiaries	36	**–**	–
Current assets			
Bank and cash balances		**1,760**	1
		1,760	1
Current liabilities			
Accruals and other payables		**7,503**	973
Due to a deconsolidated subsidiary	(i)	**671**	671
Current tax liabilities		**60**	60
Financial guarantee liabilities	24	**233,294**	203,010
		241,528	204,714
Net current liabilities		**(239,768)**	(204,713)
NET LIABILITIES		**(239,768)**	(204,713)
Capital and reserves			
Share capital	27	**186,478**	186,478
Reserves		**(426,246)**	(391,191)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(239,768)**	(204,713)

Notes:

(i) The amount due to a deconsolidated subsidiary is unsecured, interest-free and has no fixed repayment terms.

38. Approval of consolidated financial statements

The consolidated financial statements on pages 32 to 78 were approved and authorised for issue by the Provisional Liquidators on 17 June 2010.

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	675,391	807,690	1,314,867	857,810	**33,080**
Profit/(loss) for the year	9,600	25,336	100,630	(534,851)	**(33,275)**
Attributable to:					
Equity holders of the Company	9,608	25,268	100,510	(534,898)	**(33,275)**
Minority interests	(8)	68	120	47	–
	9,600	25,336	100,630	(534,851)	**(33,275)**

	As at 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	254,378	317,111	568,475	724	**12,853**
Total liabilities	(161,942)	(196,969)	(262,658)	(234,782)	**(280,186)**
	92,436	120,142	305,817	(234,058)	**(267,333)**
Equity attributable to equity holders of the Company	91,668	119,304	304,714	(234,058)	**(267,333)**
Minority interests	768	838	1,103	–	–
	92,436	120,142	305,817	(234,058)	**(267,333)**