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)

Interim Report 2011

* *for identification purpose only*

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CORPORATE INFORMATION

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Mr. Liu Yiu Keung, Stephen
Mr. Yen Ching Wai, David

BOARD OF DIRECTORS

Independent Non-Executive Directors
Mr. Tso Shiu Kei, Vincent
Mr. Young Meng Cheung, Andrew
Mr. Poon Ka Lee, Barry

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
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
China Construction Bank Corporation

STOCK CODE
2336

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

The joint and several provisional liquidators (collectively, the "Provisional Liquidators") of Sunlink International Holdings Limited (Provisional Liquidators Appointed) (the "Company") herein present their report to accompany with the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011 based on the books and records made available to them together with comparative figures for the corresponding period in 2010.

The board of directors of the Company (the "Board") has authorised the Provisional Liquidators to sign, approve, publish and do all such acts in connection with this interim report. Although the Provisional Liquidators are responsible for the accuracy and completeness of the contents of this interim report and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2011 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 interim report and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2011 on the basis of the books and records made available to the Provisional Liquidators and, where applicable, having made all reasonable enquiries by them, the Provisional Liquidators do not have the same detailed knowledge of the financial affairs of the Group as the former directors of the Company would have, in particular transactions entered into by the Group prior to their appointment. Therefore, the Provisional Liquidators make no representation as to the completeness of the information contained in this interim report. The basis of preparation of these unaudited condensed consolidated interim financial statements, have been set out in note 1 to the unaudited condensed consolidated interim financial statements.

APPOINTMENT OF PROVISIONAL LIQUIDATORS

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").

On 24 December 2008, the Court of First Instance of The High Court in Hong Kong (the "High Court") ordered (the "Order") that Mr. Liu Yiu Keung Stephen and Mr. Yen Ching Wai David, both of Ernst & Young Transactions Limited be appointed as the Provisional Liquidators upon the presentation of a winding up petition (the "Petition") by a creditor of the Company.

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 of Hong Kong Limited (the "Listing Rules").

After few adjournments, the High Court ordered that the hearing of the Petition be further adjourned to 14 November 2011 to allow more time for the implementation of a proposed restructuring of the Company as detailed below.

PROPOSED RESTRUCTURING OF THE COMPANY

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. However, the Financial Adviser tendered its resignation to the Company on 14 June 2010 and Partners Capital International Limited was subsequently appointed on 16 July 2010 as the Company's new financial adviser.

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

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.

On 11 May 2009, an exclusivity agreement (the "Exclusivity Agreement") was entered into amongst Brilliant Capital International Limited (the "Investor"), Mr. Paul Suen, the Company and the Provisional Liquidators (the "Parties") to grant the Investor, within certain period of time (the "Exclusivity Period"), an exclusive right 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 to resume and continue the existing business of the Group, via, Smart Victory Development Limited acting as an immediate holding company and Global Winner Enterprises Limited ("Global Winner") acting as an operating subsidiary (the "Operating Subsidiary"). The Company has since then resumed its sale of semiconductors and related products business through Global Winner.

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

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

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.

On 9 December 2009, Global Winner and Telecycle, LLC., a US incorporated limited liability company ("Telecycle") entered into a memorandum of understanding (the "MOU"), pursuant to which, both parties had agreed to set up a joint venture owned as to 70% by Global Winner 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. The entering into the formal agreement for setting up the joint venture pursuant to the MOU is subject to resumption of trading in shares of the Company, as the Company's shares have not resumed trading, formal agreement has not been entered into between the parties and the MOU was lapsed on 31 August 2010. Meanwhile, both parties agreed that negotiations on setting up the joint venture or other business cooperation shall continue on a non-exclusive basis.

On 14 January 2010, the Financial Adviser submitted a resumption proposal to the Stock Exchange on behalf of the Company.

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

On 26 March 2010, Global Winner, 廈門華聯電子有限公司 (Xiamen Hualian Electronics Company Limited) ("Xiamen Hualian") and 佛山聯創華聯電子有限公司 (Foshan Lianchuang Hualian Electronics Company Limited) (the "Target Company") entered into a capital increase agreement (which includes the supplemental capital increase agreement and second supplemental capital increase agreement executed on 15 June 2010 and 10 September 2010 respectively, collectively as the "Capital Increase Agreement"), whereby, Global Winner had conditionally agreed to subscribe for additional registered capital of RMB11,000,000 of the Target Company for a cash consideration of RMB12,000,000. In addition, the directors of the Company or the Provisional Liquidators are authorised to do all such further acts and things and execute such further documents for and on behalf of the Company which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to the transaction contemplated by these agreements and to approve any changes and amendments thereto as the directors of the Company or the Provisional Liquidators (as the case may be) may consider necessary, desirable or expedient. The Capital Increase Agreement was subsequently completed on 24 June 2011 and since that date, the Target Company has become a sino-foreign joint venture enterprise which is owned approximately 52.38% by Global Winner.

In April 2010, the Operating Subsidiary set up a subsidiary known as Onetech Technology Company Limited ("Onetech") which is a company incorporated in Hong Kong with limited liability. In June 2010, Onetech established its wholly owned foreign enterprise in the People's Republic of China (the "PRC") known as 勝沃數碼電子(深圳)有限公司 (literally translated as Sheng Wo Digital Electronics (Shenzhen) Company Limited) (together with Onetech, the "Onetech Group"). Currently, Onetech is legally and beneficially owned as to 76% by the Operating Subsidiary and 24% by four individual partners who are third parties independent of the Company and its connected persons. The set up of the Onetech Group is aiming to enhance the sales volume and improve the profit margin of the Operating Subsidiary's existing customised semiconductor and related products business through providing additional value added services to the Group's customers including product development, engineering and design services of computer motherboard. For financial and management reporting purposes, the results of the Onetech Group were grouped under the Group's business of development and provision of electronic turnkey device solutions.

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

On 4 May 2010, Global Winner and the Investor entered into a supplemental loan facility agreement to the Working Capital Facility, whereby, the Investor had agreed to provide to Global Winner an additional working capital facility of up to HK$20 million (the "Additional Working Capital Facility").

On 12 May 2010, the Stock Exchange issued a third decision letter to the Company 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 Parties entered into a supplemental agreement to the Exclusivity Agreement, whereby, it was agreed that once a resumption proposal is submitted to the Stock Exchange, the Exclusivity Period shall be automatically extended until the earlier of (i) the signing of a formal restructuring agreement or (ii) the resumption proposal being rejected by the Stock Exchange and a written notice has been issued by the Investor to the Company and the Provisional Liquidators 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. However, the 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. The Exclusivity Period may also be extended if the Parties agreed to in writing.

Further, the Investor has also contributed an additional fee to the Provisional Liquidators and such fee may be used at the Provisional Liquidators' sole discretion to discharge all professional fees in relation to formulating a proposal for restructuring the Company (the "Proposed Restructuring") from time to time.

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

On 4 August 2010, annual general meetings for the years ended 31 December 2008 (the "2008 AGM") and 2009 (the "2009 AGM") and an extraordinary general meeting (the "EGM") were convened for the purposes of approving the Capital Increase Agreement, re-election of the directors of the Company, approving the 2008 and 2009 annual reports and re-appointment of auditor. However, the 2008 AGM, 2009 AGM and EGM were adjourned until further notice in order to understand the intention of the Company's controlling shareholder and seek to reach a consensus with him so that the Company could continue its operations and proceed with the Proposed Restructuring. Subsequently, the 2008 AGM, 2009 AGM and EGM were re-convened on 26 November 2010 and the resolutions as included in the 2008 AGM, 2009 AGM and EGM had been duly passed and approved.

On 28 October 2010, the Company submitted to the Stock Exchange a revised resumption proposal (the "Revised Resumption Proposal") setting out the Proposed Restructuring. If the Proposed Restructuring is successfully implemented, it 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 a proposed scheme of arrangement to be sanctioned by the High Court and the Grand Court of the Cayman Islands, as appropriate; and

- resumption of trading in the shares of the Company upon completion of the Proposed Restructuring.

The Company is confident that after a full implementation of the Proposed Restructuring together with the Investor's strong support in the business and financial aspects of the Group, the Group will be able to improve its business operation and financial position continuously.

On 19 August 2011, the Stock Exchange informed the Company that the Listing Committee of the Stock Exchange has decided to allow the Company to proceed with the Revised Resumption Proposal and that the shares of the Company will be resumed for trading subject to the conditions (as stated in the Company's announcement dated 22 August 2011) to be completed to the satisfaction of the Stock Exchange by 28 February 2012.

PROPOSED RESTRUCTURING OF THE COMPANY (continued)

BUSINESS REVIEW

Since June 2009, the Group has resumed and continued its sale of semiconductors and related products business through the Operating Subsidiary. For the period under review, significant increases in turnover and operating profit were recorded by this business segment and the business of the Operating Subsidiary has been progressing well. In order to secure sales orders from customers that contribute to the rise of turnover and profitability of this segment, tremendous effort has been put in by management in widening the product range, promoting the product quality and upgrading the services offering by the Group. The business results achieved so far are very encouraging and the Group's management is optimistic about the segment's performance in the future years.

The Group has also recommenced its business of development and provision of electronic turnkey device solutions in June 2010 following the establishment of the Onetech Group. This business segment is currently focusing on providing product development, engineering and design services of computer motherboard for portable computers, and arranging production of the same for supply to computer assembling companies. During the current period, this business segment has successfully widened its product range by extending its engineering and design services for motherboard of netbook and notebook computers to tablet computers. By being able to provide quality and efficient product development, engineering and design services to customers, it is expected that this business segment will continue to perform well and will contribute a significant portion of the Group's turnover and profit in future.

BUSINESS REVIEW (continued)

The Group has further expanded its electronic turnkey device solutions business during the current period by having completed its capital injection in the Target Company on 24 June 2011. The Group now owns 52.38% equity interest in the Target Company, which is an integrated electronic turnkey device solutions and one-stop services provider of microcontrollers for home electrical appliances including air conditioners, refrigerators, microwave ovens, electric rice cookers, water heaters etc. Microcontrollers produced by the Target Company are mainly for the remote, temperature, humidity, ignition and safety control functions of home electrical appliances and these components are supplied to home electrical appliances assembling companies for production of the end products. It is expected that the adding of the Target Company as a member of the Group will create financial and business synergies with the Group's existing semiconductors businesses and will also substantially expand the scale of the Group's business operations.

FINANCIAL REVIEW

The Group's turnover for the six months ended 30 June 2011 was approximately HK$146,176,000, showing a very substantial increase of approximately HK$78,072,000 or 115% when compared to the previous period (six months ended 30 June 2010: approximately HK$68,104,000). The strong growth in the Group's turnover was mainly attributable to the significant expansion of the Group's customer base and the widened range of products and services the Group is capable to offer. When compared to the previous period, the turnover of the sale of semiconductors and related products business increased sharply by approximately HK$33,720,000 or 51% to approximately HK$100,112,000 (six months ended 30 June 2010: approximately HK$66,392,000), whilst the turnover of the business of development and provision of electronic turnkey device solutions increased significantly by approximately HK$44,352,000 or almost 26 times to approximately HK$46,064,000 (six months ended 30 June 2010: approximately HK$1,712,000). Both of the two business segments contributed profitable results to the Group, the segment profit of the sale of semiconductors and related products business amounted to approximately HK$3,352,000 (six months ended 30 June 2010: approximately HK$3,979,000), while the segment profit of the development and provision of electronic turnkey device solutions business was approximately HK$6,831,000 (six months ended 30 June 2010: approximately HK$192,000). An analysis of the Group's unaudited financial performance by business segments is as follows:

FINANCIAL REVIEW (continued)

	Sale of semiconductors and related products business	Development and provision of electronic turnkey device solutions business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
Six months ended 30 June 2011			
Turnover	**100,112**	**46,064**	**146,176**
Segment profit before finance cost and income tax expense	**3,352**	**6,831**	**10,183**
Six months ended 30 June 2010			
Turnover	66,392	1,712	68,104
Segment profit before finance cost and income tax expense	3,979	192	4,171

FINANCIAL REVIEW (continued)

The Group recorded a loss attributable to the owners of the Company of approximately HK$8,583,000 for the period ended 30 June 2011 (six months ended 30 June 2010: approximately HK$8,315,000), which was mainly attributable to the loss on financial guarantee liabilities of approximately HK$12,036,000 (six months ended 30 June 2010: approximately HK$10,458,000) and restructuring costs of approximately HK$5,493,000 incurred during the interim period (six months ended 30 June 2010: approximately HK$1,261,000). The loss was partly offset by an excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary of approximately HK$696,000 (six months ended 30 June 2010: nil). The financial guarantee liabilities represented the corporate guarantees provided by the Company for all the bank loans and certain other payables for the deconsolidated subsidiaries which are expected to be discharged under a proposed scheme of arrangement with the creditors of the Company upon the completion of the Proposed Restructuring. If such loss on financial guarantee liabilities, restructuring costs and excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary are excluded from the results of both periods, the Company would have reported a profit attributable to the owners of the Company of approximately HK$8,250,000 for the current period (six months ended 30 June 2010: approximately HK$3,404,000), and a profit before tax of approximately HK$10,082,000 for the current period (six months ended 30 June 2010: approximately HK$4,124,000). The improvement in the Group's operating results reflects the significant efforts of the current management in expanding the customer base and the range of products and services offering by the Group, which contributed to the increase of sales volume as well as the profit margin of the Group. For the six months ended 30 June 2011, the basic loss per share was approximately 0.46 Hong Kong cent (six months ended 30 June 2010: approximately 0.45 Hong Kong cent).

INTERIM DIVIDEND

There will be no interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

MATERIAL ACQUISITION AND DISPOSAL

Apart from the capital injection into a subsidiary as disclosed in note 14 to the unaudited condensed consolidated interim financial statements, the Group had no other material acquisition and disposal during the six months ended 30 June 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had current assets of approximately 134,932,000 (31 December 2010: approximately HK$37,608,000) comprised bank and cash balances of approximately HK$19,079,000 (31 December 2010: approximately HK$1,631,000) and total assets of approximately HK$138,414,000 (31 December 2010: approximately HK$37,696,000). On the same date, the Group had current liabilities of approximately HK$419,541,000 (31 December 2010: approximately HK$324,843,000) and deficiency of equity attributable to owners of the Company of approximately HK$296,059,000 (31 December 2010: approximately HK$287,602,000). At the interim period end, the current ratio, calculated by dividing current assets over current liabilities was approximately 32.2% (31 December 2010: approximately 11.6%). The significant increases in bank and cash balances, current assets, total assets and current liabilities were mainly attributable to the completion of the capital injection in the Target Company such that its assets and liabilities were consolidated into Group's financial statements at the interim period end. The capital injection in the Target Company was financed by the Additional Working Capital Facility from the Investor.

The Group's gearing ratio could not be determined as the Group had net liabilities as at 30 June 2011 (31 December 2010: could not be determined). The Group's gearing ratio represents its total borrowings to the sum of equity attributable to the owners of the Company and total borrowings of the Group.

PROSPECTS

Upon completion of the capital injection in the Target Company, which is now a subsidiary of the Group, the scale of the Group's electronic turnkey device solutions business has been substantially expanded. With the addition of the Target Company as a member of the Group, it is expected that financial and business synergies will be created with the Group's existing semiconductors and electronic turnkey device solution businesses and that the Group is in a better position to further expand and enhance its business operations.

Looking ahead, the Group will continue to look for business opportunities that will increase the Group's turnover and profitability. Furthermore, the Group is also seeking investment opportunities to expand its business portfolio in order to capture the development and trends of the electronic components market. These business expansion plans will possibly be financed by the fund raising exercises as contemplated in the Proposed Restructuring.

Since entering into the Exclusivity Agreement and with the support of the Investor, the Company has successfully resumed its businesses via the Operating Subsidiary and the Onetech Group. For the period under review, with the great efforts of the Group's management, the Group recorded significant increases in turnover and profitability. The Group's management is confident that, following the satisfactory completion of the Proposed Restructuring, the Group will be able to perform better financially and be well positioned for further business growth.

FINANCIAL GUARANTEE LIABILITIES

The Company has provided corporate guarantees for all bank loans and certain 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$268,580,000 as at 30 June 2011 (31 December 2010: approximately HK$256,544,000). Liabilities of the Company are expected to be dealt with and compromised under a proposed scheme of arrangement of the Company to be sanctioned by the High Court and the Grand Court of Cayman Islands.

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 and are expected to be dealt with and compromised under a proposed scheme of arrangement of the Company to be sanctioned by the High Court and the Grand Court of Cayman Islands.

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 2010 and 30 June 2011.

PLEDGE OF ASSETS

To the best knowledge of the Provisional Liquidators, apart from as disclosed in note 12(b) to the unaudited condensed consolidated interim financial statements, the Group did not create any other charge over its assets as at 31 December 2010 and 30 June 2011.

LEASE COMMITMENTS

Particulars of operating lease commitments of the Group as at 30 June 2011 are set out in note 15 to the unaudited condensed consolidated interim financial statements.

To the best knowledge of the Provisional Liquidators, apart from as disclosed above, the Group did not have any other significant lease commitment as at 31 December 2010 and 30 June 2011.

CAPITAL COMMITMENTS

To the best knowledge of the Provisional Liquidators, the Group did not have any significant capital commitment as at 31 December 2010 and 30 June 2011.

CAPITAL STRUCTURE

To the best knowledge of the Provisional Liquidators, there was no change in the capital structure and issued share capital of the Company during the six months ended 30 June 2011.

EXPOSURE TO FOREIGN EXCHANGE RISK

To the best knowledge of the Provisional Liquidators, during the interim period, the Group conducted its business transactions principally in Hong Kong dollars, Renminbi 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.

EMPLOYEES AND REMUNERATION POLICIES

To the best knowledge of the Provisional Liquidators, as at 30 June 2011, the Group had approximately 320 employees (30 June 2010: 9 employees and 1 consultant). During the six months ended 30 June 2011, the Group remunerated its employees based on their performances and the prevailing industry practices.

The Group made mandatory contributions to Mandatory Provident Fund Scheme for its staff in Hong Kong. The employees of the Company's subsidiary established in the PRC are members of a central pension scheme operated by the local municipal government.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 August 2011, the Stock Exchange informed the Company that the Listing Committee of the Stock Exchange has decided to allow the Company to proceed with the Revised Resumption Proposal and that the shares of the Company will be resumed for trading subject to the conditions (as stated in the Company's announcement dated 22 August 2011) to be completed to the satisfaction of the Stock Exchange by 28 February 2012. A restructuring agreement will be entered amongst the Parties and an announcement on disclosing details of the restructuring agreement for implementation of the restructuring proposal will be published in due course.

Apart from those events as disclosed in this interim report, to the best knowledge of the Provisional Liquidators, the Group has no other significant event subsequent to the six months ended 30 June 2011.

MANAGEMENT ANALYSIS

Apart from the information disclosed in this report, the Provisional Liquidators are unable to comment on the performance of the Group as set out in paragraphs 32 and 40(2) in Appendix 16 to the Listing Rules throughout the six months ended 30 June 2011.

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 had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

SHARE OPTION SCHEME

To the best knowledge of the Provisional Liquidators, no share option under the Company's option scheme was outstanding as at 30 June 2011. In addition, there was no share option exercised, granted, lapsed or cancelled during the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 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.

To the best knowledge of the Provisional Liquidators, there has not been any non-compliance with the required standard in the Model Code for dealing in the securities of the Company for the six months ended 30 June 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

As the Company is under the control of the Provisional Liquidators and a full Board has not been constituted, the current independent non-executive directors of the Company are unable to comply with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. However, upon resumption of trading in the shares of the Company, the Company will ensure that the Code on Corporate Governance Practices shall be complied with.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011. 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 former directors of the Company, and the accounting personnel of the Group had left prior to the appointment of the Provisional Liquidators, the review of the unaudited condensed consolidated interim 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).

DIRECTORS

The directors who held office during the interim period and up to the date of this interim report were Messrs. Tso Shiu Kei, Vincent, Mr. Young Meng Cheung, Andrew and Mr. Poon Ka Lee, Barry, all of whom are independent non-executive directors.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

To the best knowledge of the Provisional Liquidators, the issued share capital of the Company as at 30 June 2011 consisted of ordinary shares. As at that date, none of the directors of the Company, nor their associates, had any interests or short positions in any 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.

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 interim period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company 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 of the Company, 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 interim period then ended.

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 30 June 2011 or at any time during the interim period then ended.

SUBSTANTIAL SHAREHOLDERS

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 of the Company as at 30 June 2011:

Name of substantial shareholder	Nature of interest: Registered shareholder	Nature of interest: Corporate interest	Total number of ordinary shares held: Long position	Total number of ordinary shares held: Short position	Percentage of the issued share capital of the Company
Kingston Securities Limited	562,800,000	–	562,800,000 *(Note 1)*	–	30.18%
Best Eagle International Limited	19,600,000	551,600,000	571,200,000 *(Note 1)*	–	30.63%
Dr. Wong Shu Wing	27,000,000	582,400,000	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%

Note 1: Kingston Securities Limited holds 551,600,000 shares and 11,200,000 shares on behalf of Best Eagle International Limited and Dr. Wong Shu Wing respectively. 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.

SUBSTANTIAL SHAREHOLDERS (continued)

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.

Save as disclosed herein, 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 share capital of the Company as at 30 June 2011.

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 share capital (including short positions) representing 5% or more of the issued share capital as at 30 June 2011.

RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The remuneration of the directors of the Company and other members of key management during the six months ended 30 June 2011 and 2010 are as follows:

	Six months ended	
	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Compensation of key management personnel		
Short-term benefits	**90**	90

RELATED PARTY TRANSACTIONS (continued)

(b) Continuing connected transactions

On 24 June 2011, Xiamen Hualian and the Target Company entered into a supply contract, pursuant to which, Xiamen Hualian will supply raw materials for production of microcontrollers to the Target Company for a term commencing from 24 June 2011 up to 31 December 2013. For details, please refer to the Company's announcement dated 30 June 2011.

Save as disclosed in this interim report, to the best knowledge of the Provisional Liquidators, there was no other significant transactions between the Group and its related party during the six months ended 30 June 2011.

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.

SUSPENSION OF TRADING

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

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

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

Hong Kong, 29 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 HK$'000 (Unaudited)	30 June 2010 HK$'000 (Unaudited)
Turnover	4	**146,176**	68,104
Cost of sales		**(133,897)**	(63,224)
Gross profit		**12,279**	4,880
Other income	4	**8**	156
Administrative expenses		**(7,603)**	(2,131)
Loss on financial guarantee liabilities	13	**(12,036)**	(10,458)
Excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary	14	**696**	–
Loss from operations		**(6,656)**	(7,553)
Finance cost	5	**(95)**	(42)
Loss before tax	6	**(6,751)**	(7,595)
Income tax expense	7	**(1,128)**	(682)
Loss for the period		**(7,879)**	(8,277)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**140**	–
Total comprehensive expenses for the period		**(7,739)**	(8,277)

	Notes	Six months ended 30 June 2011 HK$'000 (Unaudited)	30 June 2010 HK$'000 (Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(8,583)**	(8,315)
Non-controlling interests		**704**	38
		(7,879)	(8,277)
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		**(8,457)**	(8,315)
Non-controlling interests		**718**	38
		(7,739)	(8,277)
Loss per share	9		
Basic and diluted (HK cent per share)		**(0.46)**	(0.45)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	**As at 30 June 2011 HK$'000 (Unaudited)**	As at 31 December 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**3,482**	88
Investment in an associate		**–**	–
		3,482	88
Current assets			
Inventories		**27,135**	7,450
Trade receivables	10	**86,369**	25,493
Prepayments, deposits and other receivables		**2,349**	3,034
Bank and cash balances		**19,079**	1,631
		134,932	37,608
Current liabilities			
Trade payables	11	**60,102**	8,507
Accruals, other payables and deposits received	12	**51,974**	29,804
Due to deconsolidated subsidiaries		**27,410**	27,410
Bank loan		**3,612**	–
Due to a non-controlling shareholder of a subsidiary		**4,504**	–
Current tax liabilities		**3,359**	2,578
Financial guarantee liabilities	13	**268,580**	256,544
		419,541	324,843
Net current liabilities		**(284,609)**	(287,235)
NET LIABILITIES		**(281,127)**	(287,147)
Capital and reserves			
Share capital		**186,478**	186,478
Reserves		**(482,537)**	(474,080)
Deficiency of equity attributable to owners of the Company		**(296,059)**	(287,602)
Non-controlling interests		**14,932**	455
TOTAL DEFICIENCY OF EQUITY		**(281,127)**	(287,147)

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	186,478	15,409	(64,907)	1,939	162	(406,414)	(267,333)	–	(267,333)
Total comprehensive (expenses)/income for the period	–	–	–	–	–	(8,315)	(8,315)	38	(8,277)
Lapse of share options	–	–	–	(1,939)	–	1,939	–	–	–
At 30 June 2010 (unaudited)	186,478	15,409	(64,907)	–	162	(412,790)	(275,648)	38	(275,610)
At 1 January 2011	186,478	15,409	(64,907)	–	21	(424,603)	(287,602)	455	(287,147)
Total comprehensive (expenses)/income for the period	–	–	–	–	126	(8,583)	(8,457)	718	(7,739)
Capital injection into a subsidiary	–	–	–	–	–	–	–	13,759	13,759
At 30 June 2011 (unaudited)	186,478	15,409	(64,907)	–	147	(433,186)	(296,059)	14,932	281,127

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended	
	30 June	30 June
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**4,009**	(4,902)
Net cash generated from/(used in) investing activities	**401**	(8)
Net cash generated from financing activities	**13,002**	2,000
Net increase/(decrease) in cash and cash equivalents	**17,412**	(2,910)
Effect of exchange difference	**36**	–
Cash and cash equivalents at 1 January	**1,631**	8,867
Cash and cash equivalents at 30 June	**19,079**	5,957
Analysis of cash and cash equivalents		
Bank and cash balances	**19,079**	5,957

1. BASIS OF PREPARATION

The Board has authorized the Provisional Liquidators to approve, publish and do all such acts in connection with the publication of this interim report and the relevant announcement.

The Provisional Liquidators make no representation as to the completeness of the information contained in these unaudited condensed consolidated interim financial statements for reasons as stated in "Loss of books and records of the Group" as below.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting".

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2010. The financial information relating to the financial statements for the year ended 31 December 2010 and for the six months ended 30 June 2010 that is included in these unaudited condensed consolidated interim financial statements is derived from the Group's audited consolidated financial statements for the year ended 31 December 2010 and unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 respectively.

Except for the impact of the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") as described in note 2, the same accounting policies as those adopted in the audited consolidated financial statements for the year ended 31 December 2010 have been applied in the preparation of these unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis and are presented in Hong Kong dollars ("HK$") which is the functional currency of the Company.

Loss of books and records of the Group

Since the appointment of the Provisional Liquidators, the books and records recovered from the office of the Group by the Provisional Liquidators were minimal. Despite the Provisional Liquidators' best endeavours to locate all the financial and business records of the Group, they are still unable to recover most of the books and records of the Group. The Provisional Liquidators were also verbally advised by certain former staff of the Group that prior to the appointment of the Provisional Liquidators, some of the relevant books and records of the Group had been transferred to a warehouse located in the PRC which was subsequently on fire. However, the Provisional Liquidators were unable to verify the validity of this information. Furthermore, the Provisional Liquidators were also unable to get the cooperation from the former directors of the Company and the Group's former accounting personnel. In these regards, the Company will look into the matters related to the loss of books and records.

Accordingly, the Provisional Liquidators do not have the same knowledge as the former directors of the Company would have regarding the financial affairs of the Group, particularly in relation to transactions entered into by the Group prior to their appointment.

1. BASIS OF PREPARATION (continued)

Loss of books and records of the Group (continued)

Although the audited consolidated financial statements for the year ended 31 December 2010 (which were disclaimed by the independent auditor of the Company had been prepared by the Provisional Liquidators based on the books and records of the Group available to them, the Provisional Liquidators were unable to satisfy themselves regarding the treatments of various transactions and balances of the Group for the year ended 31 December 2010 in the absence of sufficient available information. Any adjustment subsequently found to be necessary might have a consequential significant effect on the Group's results and financial position as set out in the audited consolidated financial statements for the year ended 31 December 2010 and the related disclosures therein.

In view of the above, the Provisional Liquidators are unable to ascertain whether the opening balances of these unaudited condensed consolidated interim financial statements have been properly reflected by the books and records of the Company and its subsidiaries. In addition, the corresponding figures as shown in these unaudited condensed consolidated interim financial statements may not be comparable with the figures for the current interim period.

Going concern

At 30 June 2011, the Group had net current liabilities of approximately HK$284,609,000 (31 December 2010: approximately HK$287,235,000) and net liabilities of approximately HK$281,127,000 (31 December 2010: approximately HK$287,147,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which has assumed that the Proposed Restructuring of the Company as detailed in the Report of the Provisional Liquidators 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 unaudited condensed consolidated interim financial statements to adjust the value of the Group's assets to their recoverable amounts and to provide for any further liabilities which might arise.

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

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations, that are effective or available for early adoption for the current accounting period of the Company. The Company has determined the accounting policies expected to be adopted in the preparation of the Group's consolidated financial statements for the year ending 31 December 2011 on the basis of HKFRSs currently in issue.

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

3. SEGMENT INFORMATION

The Group has two reportable segments as follows:

– Sale of semiconductors and related products business

– Development and provision of electronic turnkey device solutions business

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

The accounting policies of the operating segments are the same for the year ended 31 December 2010. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, loss on financial guarantee liabilities, excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary, finance cost and income tax expense. Segment assets do not include intercompanies assets and unallocated corporate assets.

Information about reportable segment profit or loss and assets are as follows:

	Sale of semiconductors and related products business Six months ended		**Development and provision of electronic turnkey device solutions business Six months ended**		**Consolidated Six months ended**	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010	**30 June 2011**	30 June 2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers	**100,112**	66,392	**46,064**	1,712	**146,176**	68,104
Segment profit before finance cost and income tax expense	**3,352**	3,979	**6,831**	192	**10,183**	4,171
Interest income	**–**	–	**1**	–	**1**	–
Interest expense	**95**	42	**–**	–	**95**	42
Depreciation	**2**	2	**7**	–	**9**	2

	Sale of semiconductors and related products business		**Development and provision of electronic turnkey device solutions business**		**Consolidated**	
	As at 30 June 2011	As at 31 December 2010	**As at 30 June 2011**	As at 31 December 2010	**As at 30 June 2011**	As at 31 December 2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**24,424**	16,629	**113,896**	20,830	**138,320**	37,459

3. SEGMENT INFORMATION (continued)

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited)
Profit or loss		
Total profit of reportable segments	**10,183**	4,171
Unallocated amounts:		
Unallocated corporate other income	**–**	147
Unallocated corporate expenses	**(5,499)**	(1,413)
Loss on financial guarantee liabilities	**(12,036)**	(10,458)
Excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary	**696**	–
Loss from operations	**(6,656)**	(7,553)
Finance cost	**(95)**	(42)
Loss before tax	**(6,751)**	(7,595)

4. TURNOVER AND OTHER INCOME

	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited)
The Group's turnover is as follows:		
Sale of semiconductors and related products	**100,112**	66,392
Development and provision of electronic turnkey device solutions	**46,064**	1,712
	146,176	68,104
The Group's other income is as follows:		
Interest income	**1**	–
Exchange gain, net	**–**	9
Sundry income	**7**	147
	8	156

5. FINANCE COST

	Six months ended	
	30 June	30 June
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on loans from the Investor under the Working Capital Facility and the Additional Working Capital Facility	**95**	42

6. LOSS BEFORE TAX

The Group's loss before tax has been arrived at after charging:

	Six months ended	
	30 June	30 June
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**130,943**	56,892
Depreciation of property, plant and equipment	**9**	2

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2010: 16.5%) on the estimated assessable profit for the six months ended 30 June 2011.

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

8. DIVIDEND

There will be no interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended	
	30 June	30 June
	2011	2010
	(HK$'000)	*(HK$'000)*
	(Unaudited)	(Unaudited)
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	**(8,583)**	(8,315)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	Six months ended	
	30 June 2011	30 June 2010
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted loss per share	**1,864,780,000**	1,864,780,000

Diluted loss per share for the six months ended 30 June 2011 and 30 June 2010 is the same as the basic loss per share as the Company did not have any dilutive potential ordinary shares during the two periods.

10. TRADE RECEIVABLES

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

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
30 days or less	**30,197**	15,020
31 days to 60 days	**18,809**	7,262
61 days to 90 days	**11,254**	109
Over 90 days	**26,109**	3,102
	86,369	25,493

11. TRADE PAYABLES

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

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
30 days or less	**23,268**	3,686
31 days to 60 days	**11,386**	3,250
61 days to 90 days	**7,756**	28
Over 90 days	**17,692**	1,543
	60,102	8,507

12. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Fee contribution *(Note (a))*	**9,000**	8,000
Loans from the Investor *(Note (b))*	**28,000**	15,000
Other accruals, other payables and deposits received	**14,974**	6,804
	51,974	29,804

Notes:

(a) The fee contribution received from the Investor according to the Exclusivity Agreement and the supplemental exclusivity agreement in relation thereto, is non-interest bearing and repayable upon the following conditions: (i) on completion of the Proposed Restructuring, the fee contribution shall not be transferred or dealt with under any scheme of arrangement used to implement the Proposed Restructuring or any restructuring agreement and will remain as a debt owed by the Company to the Investor and the Company shall apply the same towards the payment of subscription money payable by the Investor for the subscription of shares of the Company; (ii) in the event that the Company is wound up or upon termination of the Exclusivity Agreement, the fee contribution paid by the Investor (to the extent already used or reserved for settlement of the professional fees and administrative expenses incurred) shall be regarded as unsecured debts against the Company and will rank pari passu with all the Company's existing unsecured debts and liabilities as at the date of payment of the fee contribution in all respects; and (iii) in the event that the Company is wound up or upon termination of the Exclusivity Agreement pursuant to the relevant terms and within 7 days after the date of termination, the Provisional Liquidators shall return the fee contribution that is not incurred to the Investor. The fee contribution once paid may be used by Provisional Liquidators at their sole discretion to discharge any of the professional fees from time to time.

(b) The loans from the Investor totalling HK$28,000,000 (31 December 2010: HK$15,000,000) carries an annual interest rate of 1%, is repayable on the earlier of (i) the date of completion of the Proposed Restructuring (the Company can apply the same towards the payment of subscription money payable by the Investor for the subscription of shares of the Company); (ii) the date following which the completion of the Proposed Restructuring has failed to take place; and (iii) the date on which the Investor notifies the borrower, Global Winner, 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. The loans are secured by a floating charges of all assets of Global Winner.

13. 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 years ended 31 December 2008 and 31 December 2009. During the six months ended 30 June 2011, approximately HK$12,036,000 (six months ended 30 June 2010: approximately HK$10,458,000) of loss on financial guarantee liabilities was charged to condensed consolidated statement of comprehensive income. As at 30 June 2011, the Company is liable to financial guarantee liabilities of approximately HK$268,580,000 (31 December 2010: approximately HK$256,544,000). The financial guarantee liabilities of the Company are expected to be discharged under a proposed scheme of arrangement of the Company to be sanctioned by the High Court and the Grand Court of the Cayman Islands upon the completion of the Proposed Restructuring.

14. CAPITAL INJECTION INTO A SUBSIDIARY

On 24 June 2011, the Capital Increase Agreement was completed and the Group had obtained control of the Target Company by injection of RMB12,000,000 to subscribe for approximately 52.38% of the equity interests in the Target Company. Upon the completion, the Target Company became a subsidiary of the Group.

During the six months ended 30 June 2011, the Target Company did not contribute any material turnover or profit to the Group's results. If the capital injection had occurred on 1 January 2011, the management estimates that the Group's consolidated turnover for the interim period would have been approximately HK$175,076,000 and the Group's consolidated loss for the interim period would have been approximately HK$6,873,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of capital injection would have been the same as if the capital injection had occurred on 1 January 2011.

The amount of gain on bargain purchase arising as a result of the capital injection was approximately HK$696,000.

14. CAPITAL INJECTION INTO A SUBSIDIARY (continued)

The following summarizes the major classes of consideration transferred, and fair value of identifiable assets acquired and liabilities assumed of the Target Company at the date of completion of the capital injection:

Identifiable assets acquired and liabilities assumed	**Fair value** *HK$'000* **(Unaudited)**
Property, plant and equipment	**3,401**
Inventories	**17,555**
Trade receivables	**23,611**
Prepayments, deposits and other receivables	**1,630**
Bank and cash balances	**14,870**
Trade payables	**(18,908)**
Accruals and other payables	**(4,655)**
Bank loan	**(3,610)**
Due to a non-controlling shareholder of a subsidiary	**(4,501)**
Current tax liabilities	**(366)**
Net assets	**29,027**
Excess of interest in fair value of identifiable assets acquired and liabilities assumed over cost on capital injection into a subsidiary	**(696)**
Non-controlling interests	**(13,759)**
Foreign currency translation reserve	**(102)**
Total consideration satisfied by cash	**14,470**
Net cash inflow arising on capital injection into a subsidiary	**400**

15. LEASE COMMITMENTS

At 30 June 2011, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 year	**1,166**	–
Between 2 to 5 years	**4,521**	–
After more than 5 years	**2,362**	–
	8,049	–

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 August 2011, the Stock Exchange informed the Company that the Listing Committee of the Stock Exchange has decided to allow the Company to proceed with the Revised Resumption Proposal and that the shares of the Company will be resumed for trading subject to the conditions (as stated in the Company's announcement dated 22 August 2011) to be completed to the satisfaction of the Stock Exchange by 28 February 2012. A restructuring agreement will be entered amongst the Parties and an announcement on disclosing details of the restructuring agreement for implementation of the restructuring proposal will be published in due course.

17. RELATED PARTY TRANSACTIONS

The remuneration of the Company's directors and other members of key management are set out as follows:

	Six months ended	
	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Compensation of key management personnel		
Short-term benefits	**90**	90