2012
INTERIM REPORT

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2336)

* *For identification purpose only*

Contents

Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	Sunlink International Holdings Limited
"Directors"	the directors of the Company from time to time
"Foshan Lianchuang Hualian"	佛山聯創華聯電子有限公司 (literally translated as Foshan Lianchuang Hualian Electronics Company Limited)
"Global Winner"	Global Winner Enterprises Limited
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Provisional Liquidators"	Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, the joint and several provisional liquidators of the Company, both of Ernst & Young Transactions Limited acting without personal liability (already discharged)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "cents"	Hong Kong dollars and cents
"%"	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sue Ka Lok *(Chairman)**
Mr. Lai Ming Wai *(Chief Executive Officer)**

Non-executive Director

Mr. Suen Cho Hung, Paul*

Independent Non-executive Directors

Mr. Sun Ka Ziang, Henry
Mr. Chiang Bun
Ms. Wong Wai Yin, Viola

AUDIT COMMITTEE

Mr. Sun Ka Ziang, Henry *(Chairman)*
Mr. Chiang Bun
Ms. Wong Wai Yin, Viola

REMUNERATION COMMITTEE

Mr. Chiang Bun *(Chairman)*
Mr. Sun Ka Ziang, Henry
Ms. Wong Wai Yin, Viola

NOMINATION COMMITTEE

Ms. Wong Wai Yin, Viola *(Chairman)*
Mr. Sun Ka Ziang, Henry
Mr. Chiang Bun
Mr. Sue Ka Lok

COMPANY SECRETARY

Ms. Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 2336)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1502, 15th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Bank of Communications Co., Ltd., Hong Kong Branch

AUDITOR

ANDA CPA Limited
Certified Public Accountants

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

WEBSITES

http://www.sunlinkgroup.com.hk
http://www.tricor.com.hk/webservice/02336

* On 11 September 2012, Mr. Sue Ka Lok was re-designated as Chairman of the Board, Mr. Lai Ming Wai was appointed as Chief Executive Officer and Mr. Suen Cho Hung, Paul was re-designated as Non-executive Director.

Management Discussion and Outlook

GROUP RESTRUCTURING

The management is pleased to report that as of 23 February 2012, the Company had successfully completed a series of corporate restructuring exercises including capital restructuring, subscription of new shares, open offer of new shares and group reorganisation. On the even date, the scheme of arrangement with the Company's creditors also came into effect.

On 24 February 2012, the winding-up petition against the Company was dismissed and the Provisional Liquidators were discharged by the High Court of Hong Kong.

On 28 February 2012, the trading of the Company's shares on the Main Board of the Stock Exchange has resumed.

OPERATIONS REVIEW

For the six months ended 30 June 2012, the Group continued to engage in the sale of semiconductors and related products as well as the development and provision of electronic turnkey device solution products. The Group reported a turnover of HK$140,301,000, representing a small drop of 4% from the previous period (30 June 2011: HK$146,176,000), and gross profit of HK$11,032,000, showing a decrease of 10% from the previous period (30 June 2011: HK$12,279,000). The declines in the Group's turnover and gross profit were primarily attributed to the increasingly challenging business environment the Group was operating in, which was mainly caused by the slowdown of economic growth in the PRC.

During the period under review, the revenue of the Group's semiconductors and related products operation was HK$92,029,000, showing a drop of 8% when compared with the prior period (30 June 2011: HK$100,112,000). Despite the drop in revenue, the segment profit of the operation increased by 37% to HK$4,584,000 (30 June 2011: HK$3,352,000), which was mainly due to the increase in sales weighting of used semiconductor products in the current period that carried a higher profit margin. The Group principally performs a supply and procurement function of standardised semiconductors and related products for its customers mainly for applications in computer, consumer electronic and telecommunication products. In addition, the Group also sells used transmission equipment containing recyclable semiconductor components. During the current period, the demand for standardised semiconductor products was weakened due to the slowdown of economic growth in the PRC which in turn led to the decrease of the operation's revenue.

Management Discussion and Outlook

OPERATIONS REVIEW *(continued)*

The revenue of the development and provision of electronic turnkey device solutions operation increased by 5% to HK$48,272,000 (30 June 2011: HK$46,064,000) in the current period. The increase was mainly attributed to the inclusion of revenue of Foshan Lianchuang Hualian in the Group's current period results. Foshan Lianchuang Hualian is an one-stop services provider of microcontrollers for home electrical appliances which became a subsidiary of the Group in June 2011. The increase in the operation's turnover contributed by Foshan Lianchuang Hualian was nevertheless partly offset by the drop in revenue of the operation's engineering and design services for motherboards of netbook and notebook computers, which was mainly caused by the increase in popularity of tablet computers. The decrease of the engineering and design service income for computer motherboards also led to the decline of the operation's segment profit by 63% to HK$2,506,000 (30 June 2011: HK$6,831,000) as such service income carried a higher profit margin than microcontrollers sold by Foshan Lianchuang Hualian.

The Group's results attributable to owners of the Company turned around from loss of HK$8,583,000 in the previous period to profit of HK$255,223,000 in the current period; whereas basic earnings per share were HK32.33 cents, compared to the basic loss per share of HK8.03 cents (restated) in the prior period. The significant profit earned by the Group was mainly attributed to the gain on debts discharged under the scheme of arrangement of HK$227,219,000 (30 June 2011: nil) and the gain on group reorganisation of HK$30,589,000 (30 June 2011: nil). Nevertheless, the profit attributable to owners of the Company was partly offset by the loss on financial guarantee liabilities of HK$3,766,000 (30 June 2011: HK$12,036,000) and restructuring costs of HK$4,926,000 (30 June 2011: HK$5,493,000) incurred by the Company during the current period. The Group's finance costs for the current period included interests on creditors convertible bonds of HK$232,000, yet part of that amount of HK$204,000 required no cash payout but only represented an imputed interest calculated in accordance with the Group's accounting policy on financial instruments. If the effect of gain on debts discharged under the scheme of arrangement, gain on group reorganisation, loss on financial guarantee liabilities, restructuring costs and imputed interests on creditors convertible bonds were excluded from the Group's results, the Group would have reported a profit attributable to owners of the Company of HK$6,311,000 for the current period.

Management Discussion and Outlook

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

Upon the completion of a series of corporate and debt restructuring exercises of the Company in February 2012, the Group's financial position had been significantly improved. As at 30 June 2012, the Group had current assets of HK$211,379,000 (31 December 2011: HK$117,617,000) comprising bank and cash balances of HK$93,566,000 (31 December 2011: HK$10,365,000) and net current assets of HK163,959,000 (31 December 2011: net current liabilities of HK$291,334,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$47,420,000 (31 December 2011: HK$408,951,000), had been improved to a very healthy level of 4.46 times (31 December 2011: 0.29) at the period end.

In February 2012, the Company issued 750,000,000, 186,478,000 and 40,000,000 new shares all at HK$0.2 per share pursuant to the subscription by an investor (now the controlling shareholder of the Company), the open offer and the scheme of arrangement with the Company's creditors respectively as referred to in the Company's circular dated 23 December 2011. The Group's gearing ratio represented its total borrowings over the sum of equity attributable to the owners of the Company and total borrowings of the Group. At the period end, the Group's borrowings comprised fair value of creditors convertible bonds of HK$6,940,000 (31 December 2011: nil) whereas the Group's equity attributable to owners of the Company was HK$146,915,000 (31 December 2011: deficiency of HK$303,295,000). Accordingly, the Group's gearing ratio was at a low level of 5% at the period end (31 December 2011: could not be determined).

Group Reorganisation

The Company provided corporate guarantees to third parties for all bank loans and certain payables for a number of its former subsidiaries, these subsidiaries together with certain other subsidiaries and associates had been deconsolidated from the Group's consolidated financial statements since 1 July 2008 and were transferred out of the Group on 23 February 2012 pursuant to a group reorganisation. A gain of approximately HK$30,589,000 (30 June 2011: nil) on such reorganisation was recorded during the current period.

Scheme of Arrangement

As at 23 February 2012, the Company's financial guarantee liabilities and certain other payables totalling approximately HK$286,219,000 were discharged under a scheme of arrangement with the Company's creditors by cash settlement of HK$43,000,000, issuance of 40,000,000 Company's shares at the issue price of HK$0.2 per share, and issuance of creditors convertible bonds in total principal amount of HK$8,000,000 convertible into 40,000,000 Company's shares at the initial conversion price of HK$0.2 per share. The scheme became effective on 23 February 2012 and resulted in a gain on debts discharged under the scheme of arrangement of HK$227,219,000 (30 June 2011: nil), no further financial guarantee liabilities had been incurred by the Company after that date.

FINANCIAL REVIEW *(continued)*

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2012 (31 December 2011: nil).

Pledge of Assets

As at 31 December 2011, all the assets of the Company's subsidiary, Global Winner were pledged to an investor (now the controlling shareholder of the Company) by way of a floating charge to secure the working capital facility and the additional working capital facility granted by the investor to Global Winner. The floating charge was released on 23 February 2012. As at 30 June 2012, the Group had no significant assets under pledge.

Lease Commitments

As at 30 June 2012, the Group had operating lease commitments in respects of rentals for its offices and factory premises of HK$7,028,000 (31 December 2011: HK$8,111,000).

Capital Commitments

As at 30 June 2012, the Group had no material capital commitments for acquisition of machineries and equipment (31 December 2011: HK$465,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had approximately 220 employees including directors (31 December 2011: approximately 170). Total staff costs for the period, including directors' remuneration, was HK$2,224,000 (2011: HK$883,000). The Group remunerated its directors and employees based on their performance, experience and prevailing market rate.

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

Management Discussion and Outlook

PROSPECTS

Upon the completion of the corporate and debt restructuring exercises of the Company in February 2012, the financial position of the Group had been significantly improved by turning from net liabilities to net assets amounting to HK$162,644,000 as at 30 June 2012. The successful completion of the share subscription by the investor (now the controlling shareholder of the Company) and the open offer of new shares in February 2012 contributed new working capital of approximately HK$93 million for the continuation as well as the future expansion of the Group's businesses.

Nevertheless, the Group has been managing its businesses prudently since the second quarter of 2012 to weather the negative impact brought by the slowdown of economic growth in the PRC. Looking forward, the Group will continue to manage its businesses in a prudent manner for the remainder of the financial year to ensure a stable prospect for the shareholders of the Company.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 HK$'000 (Unaudited)	30 June 2011 HK$'000 (Unaudited) (Restated)
Turnover	3 & 4	**140,301**	146,176
Cost of sales		**(129,269)**	(133,897)
Gross profit		**11,032**	12,279
Other income	5	**541**	704
Selling and distribution expenses		**(934)**	(556)
Administrative expenses		**(9,117)**	(7,047)
Profit from operations		**1,522**	5,380
Finance costs	6	**(272)**	(95)
Gain on debts discharged under the scheme of arrangement	7	**227,219**	–
Gain on group reorganisation	7	**30,589**	–
Loss on financial guarantee liabilities	15	**(3,766)**	(12,036)
Profit/(loss) before tax	8	**255,292**	(6,751)
Income tax expense	9	**(245)**	(1,128)
Profit/(loss) for the period		**255,047**	(7,879)
Other comprehensive (expenses)/income for the period, net of tax			
Exchange differences on translating foreign operations		**(255)**	140
Total comprehensive income/(expenses) for the period		**254,792**	(7,739)
Profit/(loss) for the period attributable to:			
Owners of the Company		**255,223**	(8,583)
Non-controlling interests		**(176)**	704
		255,047	(7,879)
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		**255,084**	(8,457)
Non-controlling interests		**(292)**	718
		254,792	(7,739)
Earnings/(loss) per share	11		
Basic (HK cents per share)		**32.33**	(8.03)
Diluted (HK cents per share)		**31.25**	(8.03)

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	As at 30 June 2012 HK$'000 (Unaudited)	As at 31 December 2011 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**5,800**	4,060
		5,800	4,060
Current assets			
Inventories		**23,929**	23,797
Trade and bill receivables	13	**91,574**	79,995
Prepayments, deposits and other receivables		**2,310**	3,460
Bank and cash balances		**93,566**	10,365
		211,379	117,617
Current liabilities			
Trade payables	14	**38,931**	41,488
Accruals, other payables and deposits received		**3,572**	52,111
Due to deconsolidated subsidiaries		**–**	27,410
Due to a non-controlling shareholder of a subsidiary		**2,940**	2,388
Current tax liabilities		**1,977**	4,313
Financial guarantee liabilities	15	**–**	281,241
		47,420	408,951
Net current assets/(liabilities)		**163,959**	(291,334)
Total assets less current liabilities		**169,759**	(287,274)
Non-current liabilities			
Creditors convertible bonds	16	**6,940**	–
Deferred tax liabilities		**175**	–
		7,115	–
NET ASSETS/(LIABILITIES)		**162,644**	(287,274)
Capital and reserves			
Share capital	17	**10,697**	186,478
Reserves		**136,218**	(489,773)
Equity/(deficiency of equity) attributable to owners of the Company		**146,915**	(303,295)
Non-controlling interests		**15,729**	16,021
TOTAL EQUITY/(DEFICIENCY OF TOTAL EQUITY)		**162,644**	(287,274)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

		Attributable to owners of the Company									
	Notes	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Special reserve HK$'000 (Unaudited)	Creditors convertible bonds reserve HK$'000 (Unaudited)	Statutory reserve HK$'000 (Unaudited)	Foreign currency translation reserve HK$'000 (Unaudited)	Accumulated losses HK$'000 (Unaudited)	Sub-total HK$'000 (Unaudited)	Non-controlling interests HK$'000 (Unaudited)	(Deficiency of total equity)/ Total equity HK$'000 (Unaudited)
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)
Non-controlling interests in a subsidiary arose through capital injection in a subsidiary		-	-	-	-	-	-	-	-	13,759	13,759
At 30 June 2011		186,478	15,409	(64,907)	-	-	147	(433,186)	(296,059)	14,932	(281,127)
At 1 January 2012		**186,478**	**15,409**	**(64,907)**	**-**	**89**	**321**	**(440,685)**	**(303,295)**	**16,021**	**(287,274)**
Total comprehensive income/ (expenses) for the period		-	-	-	-	-	(139)	255,223	255,084	(292)	254,792
Capital reduction	17 (i)	(185,546)	(15,409)	-	-	-	-	200,955	-	-	-
Share subscription	17 (ii)	7,500	142,500	-	-	-	-	-	150,000	-	150,000
Transaction costs related to the share subscription	17 (ii)	-	(75)	-	-	-	-	-	(75)	-	(75)
Open offer	17 (iii)	1,865	35,431	-	-	-	-	-	37,296	-	37,296
Transaction costs related to the open offer	17 (iii)	-	(1,150)	-	-	-	-	-	(1,150)	-	(1,150)
Issue of creditors shares	17 (iv)	400	7,600	-	-	-	-	-	8,000	-	8,000
Issue of creditors convertible bonds	16	-	-	-	1,264	-	-	-	1,264	-	1,264
Deferred tax arising from issue of creditors convertible bonds		-	-	-	(209)	-	-	-	(209)	-	(209)
Group reorganisation	7	-	-	64,907	-	-	-	(64,907)	-	-	-
At 30 June 2012		**10,697**	**184,306**	**-**	**1,055**	**89**	**182**	**(49,414)**	**146,915**	**15,729**	**162,644**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended	
	30 June	30 June
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(29,952)**	4,009
Net cash (used in)/generated from investing activities	**(1,710)**	401
Net cash generated from financing activities	**115,071**	13,002
Net increase in cash and cash equivalents	**83,409**	17,412
Effect of exchange difference	**(208)**	36
Cash and cash equivalents at 1 January	**10,365**	1,631
Cash and cash equivalents at 30 June	**93,566**	19,079
Analysis of cash and cash equivalents		
Bank and cash balances	**93,566**	19,079

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the 2011 annual financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.

The 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.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

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 for the purpose of resources allocation and performance assessment.

The accounting policies of the operating segments are the same as those adopted in the consolidated financial statements of the Company for the year ended 31 December 2011. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate expenses, gain on bargain purchase, finance costs, gain on debts discharged under the scheme of arrangement, gain on group reorganisation, loss on financial guarantee liabilities and income tax expense. Segment assets do not include intercompanies assets and unallocated corporate assets.

Information about reportable segment profit or loss and assets:

	Sale of semiconductors and related products business Six months ended		Development and provision of electronic turnkey device solutions business Six months ended		Total Six months ended	
	30 June 2012 HK$'000 (Unaudited)	30 June 2011 HK$'000 (Unaudited)	**30 June 2012 HK$'000 (Unaudited)**	30 June 2011 HK$'000 (Unaudited)	**30 June 2012 HK$'000 (Unaudited)**	30 June 2011 HK$'000 (Unaudited)
Revenue from external customers	**92,029**	100,112	**48,272**	46,064	**140,301**	146,176
Segment profit before finance costs and income tax expense	**4,584**	3,352	**2,506**	6,831	**7,090**	10,183
Depreciation	**9**	2	**315**	7	**324**	9
Capital expenditure	**110**	–	**2,001**	–	**2,111**	–

3. SEGMENT INFORMATION *(continued)*

	Sale of semiconductors and related products business		Development and provision of electronic turnkey device solutions business		Total	
	As at 30 June 2012 HK$'000 (Unaudited)	As at 31 December 2011 HK$'000 (Audited)	**As at 30 June 2012 HK$'000 (Unaudited)**	As at 31 December 2011 HK$'000 (Audited)	**As at 30 June 2012 HK$'000 (Unaudited)**	As at 31 December 2011 HK$'000 (Audited)
Segment assets	**123,756**	21,516	**92,838**	99,858	**216,594**	121,374

Reconciliation of reportable segment profit or loss is as follows:

	Six months ended	
	30 June 2012 HK$'000 (Unaudited)	30 June 2011 HK$'000 (Unaudited)
Profit or loss		
Total profit or loss of reportable segments	**7,090**	10,183
Unallocated amounts:		
Unallocated corporate expenses	**(5,568)**	(5,499)
Gain on bargain purchase	**–**	696
Profit from operations	**1,522**	5,380
Finance costs	**(272)**	(95)
Gain on debts discharged under the scheme of arrangement *(Note 7)*	**227,219**	–
Gain on group reorganisation *(Note 7)*	**30,589**	–
Loss on financial guarantee liabilities *(Note 15)*	**(3,766)**	(12,036)
Profit/(loss) before tax	**255,292**	(6,751)

4. TURNOVER

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's turnover is as follows:		
Sale of semiconductors and related products	**92,029**	100,112
Development and provision of electronic turnkey device solution products	**48,272**	46,064
	140,301	146,176

5. OTHER INCOME

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's other income is as follows:		
Interest income	**401**	1
Sundry income	**140**	7
Gain on bargain purchase	**–**	696
	541	704

6. FINANCE COSTS

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
Loans from the investor under the working capital facility and the additional working capital facility	**40**	95
Creditors convertible bonds *(Note 16)*	**232**	–
	272	95

7. GAIN ON DEBTS DISCHARGED UNDER THE SCHEME OF ARRANGEMENT/GROUP REORGANISATION

As of 23 February 2012, upon coming into effect of the scheme of arrangement with creditors and the completion of the restructuring agreement, the Group recorded a gain of approximately HK$227,219,000 (six months ended 30 June 2011: nil) and approximately HK$30,589,000 (six months ended 30 June 2011: nil) for the six months ended 30 June 2012 from the debts discharged under the scheme of arrangement and the group reorganisation respectively. Sunlink Technologies Holdings Limited (the former immediate subsidiary of the Company), its subsidiaries and associate had been transferred out of the Group to the nominee of the scheme administrators of the aforesaid scheme of arrangement. Accordingly, special reserve of approximately HK$64,907,000 was transferred to the accumulated losses of the Company.

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax for the period is arrived at after charging:

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**1,938**	840
Retirement benefits scheme contributions	**286**	43
	2,224	883
Cost of inventories sold	**126,508**	130,943
Depreciation of property, plant and equipment	**324**	9
Operating lease charges on land and buildings	**1,076**	177

9. INCOME TAX EXPENSE

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax provided for the period	**230**	1,128
Current tax – Corporate Income Tax of the PRC provided for the period	**49**	–
Deferred tax	**(34)**	–
	245	1,128

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profit for the six months ended 30 June 2012.

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.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

11. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June 2012 HK$'000 (Unaudited)	30 June 2011 HK$'000 (Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	**255,223**	(8,583)
Finance costs saving on conversion of creditors convertible bonds outstanding	**232**	–
Deferred tax relating to creditors convertible bonds	**(34)**	–
Earnings/(loss) for the purpose of calculating diluted earnings/(loss) per share	**255,421**	(8,583)

	Six months ended 30 June 2012 (Unaudited)	30 June 2011 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**789,325,057**	106,861,648
Effect of dilutive potential ordinary shares arising from creditors convertible bonds outstanding	**28,131,868**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**817,456,925**	106,861,648

The weighted average number of ordinary shares for the period ended 30 June 2012 and 2011 for the purpose of calculating the basic earnings/(loss) per share has been adjusted and restated respectively resulting from the share consolidation and open offer of the Company (Note 17) during the current period.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment of approximately HK$2,111,000.

13. TRADE AND BILL RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	As at 30 June 2012 *HK$'000* **(Unaudited)**	As at 31 December 2011 *HK$'000* (Audited)
30 days or less	**23,314**	23,203
31 days to 60 days	**25,782**	11,924
61 days to 90 days	**7,025**	7,696
91 days to 120 days	**6,190**	8,376
Over 120 days	**29,263**	28,796
	91,574	79,995

The balance of trade and bill receivables included an amount of approximately HK$2,274,000 (31 December 2011: approximately HK$1,861,000) in relation to bill receivables as at 30 June 2012.

14. TRADE PAYABLES

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

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
30 days or less	**15,601**	10,918
31 days to 60 days	**9,865**	7,029
61 days to 90 days	**2,981**	3,522
91 days to 120 days	**2,375**	4,509
Over 120 days	**8,109**	15,510
	38,931	41,488

15. FINANCIAL GUARANTEE LIABILITIES

The Company provided corporate guarantees for all the bank loans and certain payables maintained by its subsidiaries which had been deconsolidated from the consolidated financial statements of the Group since 1 July 2008, details of the deconsolidation were disclosed in notes 2 and 10 to the consolidated financial statements of the Company for the year ended 31 December 2008. During the six months ended 30 June 2012, loss on these financial guarantee liabilities of approximately HK$3,766,000 (six months ended 30 June 2011: approximately HK$12,036,000) was charged to the condensed consolidated statement of comprehensive income. As at 30 June 2012, the Company was no longer liable to these financial guarantee liabilities (31 December 2011: approximately HK$281,241,000) since the related debts and liabilities of the Company had been discharged under the scheme of arrangement of the Company which became effective on 23 February 2012.

16. CREDITORS CONVERTIBLE BONDS

Upon coming into effect of the scheme of arrangement, the creditors convertible bonds in the principal amount of HK$8,000,000, convertible into 40,000,000 ordinary shares of the Company at the initial conversion price of HK$0.20 per share, were issued by the Company to the nominee of the scheme administrators of the aforesaid scheme of arrangement. The creditors convertible bonds will mature on 23 February 2014 and are interest-bearing at 1% per annum.

As at 30 June 2012, the liability component of creditors convertible bonds was carried at fair value of HK$6,940,000 (31 December 2011: nil), which was estimated at the issuance date using an equivalent market interest rate for similar bonds without conversion options. The residual amount is assigned as the equity component and is included in shareholders' equity.

The effective interest rate used to estimate the liability component is 10.12%.

No creditors convertible bonds were converted into ordinary shares during the six months ended 30 June 2012.

17. SHARE CAPITAL

	As at 30 June 2012 ***HK$'000*** **(Unaudited)**	As at 31 December 2011 *HK$'000* (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each (31 December 2011: 3,000,000,000 ordinary shares of HK$0.10 each) *(Note (i))*	**100,000**	300,000
Issued and fully paid:		
1,069,717,000 ordinary shares of HK$0.01 each (31 December 2011: 1,864,780,000 ordinary shares of HK$0.10 each)	**10,697**	186,478

17. SHARE CAPITAL *(continued)*

Movement of the number of shares issued and the share capital during the current period is as follows:

	Number of shares issued	Share Capital *HK$'000*
As at 1 January 2012	1,864,780,000	186,478
Capital restructuring *(Note (i))*	(1,771,541,000)	(185,546)
	93,239,000	932
Share subscription *(Note (ii))*	750,000,000	7,500
Open offer *(Note (iii))*	186,478,000	1,865
Issue of creditors shares *(Note (iv))*	40,000,000	400
As at 30 June 2012	**1,069,717,000**	**10,697**

Notes:

(i) The capital restructuring of the Company took place on 20 January 2012 which comprised the followings:

Capital reduction

The capital reduction involved a reduction of the par value of each share from HK$0.10 each to HK$0.0005 each which gave rise to a credit of approximately HK$185,546,000 on the basis of 1,864,780,000 shares in issue. Such credit was permitted by the Companies Law of the Cayman Islands to set off part of the accumulated losses of the Company.

Capital cancellation

Immediately following the capital reduction, the remaining authorised but unissued share capital of the Company of 1,135,220,000 unissued shares of par value of HK$0.10 each amounting to an aggregate of HK$113,522,000 was cancelled in its entirety resulting in the authorised and issued share capital of the Company being reduced to HK$932,390, divided into 1,864,780,000 shares of par value of HK$0.0005 each.

Share consolidation

The share consolidation was implemented to consolidate every 20 issued shares of par value of HK$0.0005 each into one share of par value of HK$0.01 each. As a result, 1,864,780,000 issued shares of the Company were consolidated into 93,239,000 shares of HK$0.01 each.

17. SHARE CAPITAL *(continued)*

Notes: *(Continued)*

(i) *(Continued)*

Share premium cancellation

The entire amount of approximately HK$15,409,000 standing to the credit of the share premium account of the Company as at 31 December 2011 was cancelled and applied to set off part of the accumulated losses of the Company as at 31 December 2011 permitted by the Companies Law of the Cayman Islands.

Increase in authorised share capital

The authorised share capital of the Company was increased from HK$932,390 to HK$100,000,000 by the creation of 9,906,761,000 new shares of HK$0.01 each.

(ii) Share subscription

Completion of the share subscription took place on 23 February 2012 pursuant to which 750,000,000 subscription shares were issued to Brilliant Capital International Limited (now the controlling shareholder of the Company) at the subscription price of HK$0.20 per subscription share with the par value of HK$0.01 each. Accordingly, the Company's issued share capital was increased by HK$7,500,000 and its share premium account was increased by HK$142,500,000. The transaction costs related to the share subscription was approximately HK$75,000.

(iii) Open offer

Completion of the open offer took place on 23 February 2012 pursuant to which 186,478,000 offer shares were issued under the open offer on the basis of two offer shares for every one share held by the qualifying shareholders after completion of the capital restructuring at the subscription price of HK$0.20 per offer share with the par value of HK$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK$1,865,000 and its share premium account was increased by approximately HK$35,431,000. The transaction costs related to the open offer was approximately HK$1,150,000.

(iv) Issue of creditors shares

The scheme of arrangement with the Company's creditors became effective on 23 February 2012 upon the sanction by the Grand Court of the Cayman Islands and the High Court of Hong Kong held on 19 January 2012 and 2 February 2012 respectively, pursuant to which 40,000,000 creditors shares were issued to the nominee of the scheme administrators of the aforesaid scheme of arrangement at the issue price of HK$0.20 per creditors share with the par value of HK$0.01 each. Accordingly, the Company's share capital was increased by HK$400,000 and its share premium account was increased by HK$7,600,000.

18. CONTINGENT LIABILITIES

As at 30 June 2012, the Company had no significant contingent liabilities (31 December 2011: nil).

19. PLEDGE OF ASSETS

As at 31 December 2011, all the assets of Global Winner, an indirect wholly owned subsidiary of the Company, were pledged to the investor, Brilliant Capital International Limited (now the controlling shareholder of the Company), by way of a floating charge to secure the working capital facility and the additional working capital facility granted by the investor to Global Winner. The floating charge was released on 23 February 2012 upon completion of the reorganisation of the Group.

20. LEASE COMMITMENTS

The Company as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2012 *HK$'000* **(Unaudited)**	As at 31 December 2011 *HK$'000* (Audited)
Within one year	**1,154**	1,299
In the second to fifth years inclusive	**4,618**	5,025
Over five years	**1,256**	1,787
	7,028	8,111

Operating lease payments represent rentals payable by the Group for its offices and factory premises. Leases are negotiated for terms from six months to ten years and rentals are fixed over the lease terms and do not include contingent rentals.

21. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at 30 June 2012 *HK$'000* **(Unaudited)**	As at 31 December 2011 *HK$'000* (Audited)
Property, plant and equipment		
Contracted but not provided for	**–**	465

22. RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the period are as follows:

	Six months ended	
	30 June 2012	30 June 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Compensation of key management personnel		
– short-term benefits	**419**	90
– post-employment benefits	**16**	–
	435	90
Purchases from a non-controlling shareholder of a subsidiary	**807**	–
Operating lease charges on land and building to a related company in which a director of the Company has significant influence	**260**	–

23. EVENTS AFTER THE REPORTING PERIOD

There was no significant event happened after the end of the reporting period.

24. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATION INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 29 August 2012.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

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

As at 30 June 2012, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in shares of the Company:

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul	Interest held by controlled corporation	750,000,000 *(Note)*	70.11%

Note: These shares were held by Brilliant Capital International Limited ("Brilliant Capital"), which was a wholly owned subsidiary of Grace Able Limited ("Grace Able") which in turn was wholly owned by Mr. Suen Cho Hung, Paul. Mr. Suen is a director of Brilliant Capital and the sole director of Grace Able. Accordingly, Mr. Suen was deemed to be interested in 750,000,000 shares under the SFO.

Save as disclosed above, as at 30 June 2012, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2012 (the "2012 AGM"), the Company has adopted the new share option scheme (the "Share Option Scheme") and the previous share option scheme adopted on 12 February 2003 (the "Old Share Option Scheme") was terminated on the same date. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented key management and employees to strive for future development and expansion of the Group. The Share Option Scheme shall be an incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

No options were granted or exercised during the six months ended 30 June 2012 and 2011 and no share options were outstanding as at 30 June 2012 and 2011.

Further details of the Old Share Option Scheme and the Share Option Scheme are set out in the Company's 2011 Annual Report and the circular of the Company dated 28 May 2012 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2012 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2012, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares held	Number of underlying shares	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul	Interest held by controlled corporation	750,000,000 *(Note 1)*	–	750,000,000	70.11%
Grace Able	Interest held by controlled corporation	750,000,000 *(Note 1)*	–	750,000,000	70.11%
Brilliant Capital	Directly beneficially owned	750,000,000 *(Note 1)*	–	750,000,000	70.11%
Mr. Liu Yiu Keung, Stephen	Interest held by controlled corporation	40,000,000 *(Notes 2 & 3)*	40,000,000 *(Notes 2 & 4)*	80,000,000	7.48%
Mr. Yen Ching Wai, David	Interest held by controlled corporation	40,000,000 *(Notes 2 & 3)*	40,000,000 *(Notes 2 & 4)*	80,000,000	7.48%
Eternal Pacific Limited ("Eternal Pacific")	Nominee of scheme administrators	40,000,000 *(Notes 2 & 3)*	40,000,000 *(Notes 2 & 4)*	80,000,000	7.48%
HEC Capital Limited ("HEC Capital")	Interest held by controlled corporation	76,722,266 *(Note 5)*	–	76,722,266	7.17%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(continued)*

Notes:

1. These shares were held by Brilliant Capital, which was a wholly owned subsidiary of Grace Able which in turn was wholly owned by Mr. Suen Cho Hung, Paul. Mr. Suen is a director of Brilliant Capital and the sole director of Grace Able. Accordingly, Mr. Suen and Grace Able were deemed to be interested in 750,000,000 shares under the SFO.

2. These interests were held by Eternal Pacific, the nominee of the scheme administrators of the scheme of arrangement with the Company's creditors which became effective on 23 February, 2012 (the "Scheme"), details of the Scheme were set out in the Company's circular dated 23 December 2011. Eternal Pacific was directly owned as to 50% by Mr. Liu Yiu Keung, Stephen and Mr. Yen Ching Wai, David respectively, being the scheme administrators of the Scheme and are holding the Company's shares for the benefit of the creditors with admitted claims under the Scheme. Accordingly, each of Mr. Liu Yiu Keung, Stephen and Mr. Yen Ching Wai, David was deemed to be interested in 40,000,000 shares and 40,000,000 underlying shares under the SFO.

3. These represented 40,000,000 shares issued by the Company to Eternal Pacific at the issue price of HK$0.20 per share pursuant to the Scheme.

4. These represented the interest of Eternal Pacific in 40,000,000 underlying shares issuable under the creditors convertible bonds (the "Creditors Convertible Bonds") in the principal amount of HK$8,000,000, convertible into 40,000,000 shares of the Company at the initial conversion price of HK$0.20 per share (subject to adjustments) during the period from 23 February 2012 to 23 February 2014 (both days inclusive), subject to the terms and conditions of the Creditors Convertible Bonds, issued by the Company pursuant to the Scheme.

5. These shares were held by Murtsa Capital Management Limited, which was a wholly owned subsidiary of Hennabun Development Limited which in turn was wholly owned by HEC Capital. Accordingly, HEC Capital was deemed to be interested in 76,722,266 shares under the SFO.

The interests of Mr. Suen Cho Hung, Paul, Grace Able and Brilliant Capital in 750,000,000 shares referred in note 1 above related to the same parcel of shares.

The interests of Eternal Pacific, Mr. Liu Yiu Keung, Stephen and Mr. Yen Ching Wai, David in 40,000,000 shares and 40,000,000 underlying shares referred in note 2 above related to the same parcel of shares and underlying shares.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2012 as required pursuant to section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

As the Company had been under the control of the Provisional Liquidators, the Board is unable to comment as to whether the Company had complied with the Code on Corporate Governance Practices (effective until 31 March 2012) (the "Former CG Code") contained in Appendix 14 to the Listing Rules for the period from 1 January 2012 up to the discharge of the Provisional Liquidators on 24 February 2012.

Subsequent to the appointment of the new directors on 23 February 2012 and the discharge of the Provisional Liquidators, the Company has adopted the principles and complied with all the applicable provisions of the Former CG Code and the Corporate Governance Code (effective from 1 April 2012) (the "New CG Code") contained in Appendix 14 to the Listing Rules, except for the following deviations with reasons as explained:

Code Provision E.1.2

Code provision E.1.2 of the New CG Code stipulates that the chairman of the board should attend the annual general meeting.

Deviation

The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the 2012 AGM as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director and the Chief Executive Officer of the Company, had chaired the meeting in accordance with Article 63 of the Company's Articles of Association.

Code Provision A.6.7

Code provision A.6.7 of the New CG Code stipulates that the independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders.

Deviation

Ms. Wong Wai Yin, Viola, an Independent Non-executive Director of the Company was unable to attend the 2012 AGM as she had other important business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Subsequent to the appointment of the new directors on 23 February 2012 and the discharge of the Provisional Liquidators, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code since their respective appointment dates and up to the six months ended 30 June 2012.

Other Information

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2012 have not been audited, but have been reviewed by the Audit Committee and are duly approved by the Board under the recommendation of the Audit Committee.

The Board and the Audit Committee would like to draw the attention of the shareholders that, as referred to in the Company's circular dated 23 December 2011, it is anticipated that there will be audit qualifications in the Group's consolidated financial statements for the year ending 31 December 2012 in relation to (i) the opening balances and corresponding figures (i.e. year ended 31 December 2011) and (ii) the gain on group reorganisation (i.e. approximately HK$30,589,000 as recorded during the six months ended 30 June 2012) as "no sufficient evidence" can be provided to satisfy the Company's auditor as to the net liabilities amount of those former subsidiaries and associates transferred out of the Group on 23 February 2012.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 29 August 2012