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)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

The joint and several provisional liquidators (the "Provisional Liquidators") of Sunlink International Holdings Limited (Provisional Liquidators Appointed) (the "Company") announce the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010, which have been based on the books and records made available to them, together with comparative figures for the corresponding year of 2009.

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

The board (the "Board") of directors of the Company (the "Directors") has authorised the Provisional Liquidators to sign, approve, publish and do all such acts in connection with this announcement. The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this announcement 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 announcement on the basis of the books and records made available to the Provisional Liquidators and, where applicable, having made all reasonable enquiries by them. Therefore, the Provisional Liquidators make no representation as to the completeness of the information contained in this final result announcement.

The basis of preparation of these audited consolidated financial statements of the Group for the year ended 31 December 2010 is set out in note 2 to this final result announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	2010 HK$'000 (audited)	2009 HK$'000 (audited)
Turnover	5 & 6	**178,481**	33,080
Cost of sales		**(165,840)**	(30,305)
Gross profit		**12,641**	2,775
Other income	7	**31**	24
Administrative expenses		**(7,277)**	(5,402)
Gain on deconsolidation of the subsidiaries	8	**527**	–
Other losses	9	**(24,848)**	(30,309)
Loss from operations		**(18,926)**	(32,912)
Finance cost	10	**(114)**	(13)
Loss before tax	11	**(19,040)**	(32,925)
Income tax expense	12	**(640)**	(350)
Loss for the year		**(19,680)**	(33,275)
Other comprehensive income/(expenses) after tax:			
Exchange differences on translating foreign operations		**28**	–
Exchange differences release from deconsolidation of the subsidiaries	8	**(162)**	–
Other comprehensive expenses for the year, net of tax		**(134)**	–
Total comprehensive expenses for the year		**(19,814)**	(33,275)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(20,128)**	(33,275)
Non-controlling interests		**448**	–
		(19,680)	(33,275)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(20,269)**	(33,275)
Non-controlling interests		**455**	–
		(19,814)	(33,275)
Loss per share	13		
Basic and diluted (HK cents per share)		**(1.08)**	(1.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 HK$'000 (audited)	2009 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**88**	11
Investment in an associate		**–**	–
		88	11
Current assets			
Inventories		**7,450**	1,045
Trade receivables	*14*	**25,493**	2,930
Prepayments, deposits and other receivables		**3,034**	–
Bank and cash balances		**1,631**	8,867
		37,608	12,842
Current liabilities			
Trade payables	*15*	**8,507**	837
Accruals, other payables and deposits received		**29,804**	17,500
Due to deconsolidated subsidiaries		**27,410**	26,617
Current tax liabilities		**2,578**	1,938
Financial guarantee liabilities		**256,544**	233,294
		324,843	280,186
Net current liabilities		**(287,235)**	(267,344)
NET LIABILITIES		**(287,147)**	(267,333)
Capital and reserves			
Share capital	*16*	**186,478**	186,478
Reserves		**(474,080)**	(453,811)
Deficiency of equity attributable to owners of the Company		**(287,602)**	(267,333)
Non-controlling interests		**455**	–
DEFICIENCY OF TOTAL EQUITY		**(287,147)**	(267,333)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. GENERAL INFORMATION

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

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

The Company is an investment holding company and, prior to the suspension of trading in the shares and through its subsidiaries, was principally engaged in the (i) sale of semiconductors and related products; (ii) development and sale of auto devices and parts; and (iii) development and sale of wireless devices and solutions. The businesses of development and sale of auto devices and wireless devices and solutions were developed as a result of the Group's capability in research and development of embedding application software for semiconductors which evolved into development of electronic turnkey device solutions. For the year ended 31 December 2010, whilst principally engaged in the business of sale of semiconductors and related products, the Company has resurrected the business of development and provision of electronic turnkey device solutions based on its existing customers of electronics business and to optimize synergy benefit from economies of scale and a more efficient supply chain management.

2. BASIS OF PREPARATION

Winding-up petition and appointment of the provisional liquidators

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

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

Pursuant to an order made by the High Court on 24 December 2008, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the Provisional Liquidators of the Company to take control of the Company and possession of its assets. After few adjournments, the Petition was ordered by the High Court to be adjourned to 9 May 2011 to allow time for the implementation of the proposed restructuring of the Company.

Suspension of trading in the shares of the Company

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

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

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

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

On 28 October 2010, a revised resumption proposal was submitted to the Stock Exchange.

Proposed restructuring of the Group

The Provisional Liquidators had appointed Asian Capital (Corporate Finance) Limited (the "Financial Adviser") as the financial adviser to the Company on 2 January 2009 to assist the Provisional Liquidators in identifying interested investors with a view to restructuring the Company and submitting a resumption proposal to the Stock Exchange. On 14 June 2010, the Financial Adviser tendered its resignation to the Company. On 16 July 2010, the Company appointed Partners Capital International Limited as the new financial adviser.

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

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

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

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

On 9 December 2009, the Operating Subsidiary and Telecycle, LLC., a US incorporated limited liability company ("Telecycle"), entered into the memorandum of understanding (the "MOU"), pursuant to which both parties agreed to set up a joint venture owned as to 70% by the Operating Subsidiary and 30% by Telecycle. The joint venture will be principally engaged in collecting and recycling end-of-life telecom equipment in Asia, with a focus on the Greater China areas. 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. However, both parties agreed that negotiations on setting up the joint venture or other business cooperation shall continue on a non-exclusive basis.

In April 2010, Global Winner Enterprises Limited ("Global Winner"), 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 received approvals from relevant government authorities in the People's Republic of China (the "PRC") to establish its wholly owned foreign enterprise in 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 ("Sheng Wo")) (together with Onetech, the "Onetech Group"). The management team of Onetech is primarily responsible for the marketing and sale of the Group's customised semiconductors products of computer motherboard and supply essential components to its subcontractor in the PRC to manufacture the computer motherboard, whereas management team of Sheng Wo in Shenzhen is primarily responsible for the product development, engineering and design of computer motherboard products as well as quality inspection and control of products manufactured by the subcontractor. Currently, Onetech is legally and beneficially owned as to 76% by Global Winner and 24% by four individual partners who are third parties independent of the Company.

On 4 May 2010, the Operating Subsidiary and the Investor entered into a supplemental loan facility agreement, pursuant to which the Investor agrees to provide an additional working capital facility of up to HK$20 million (the "Additional Working Capital Facility") to the Operating Subsidiary.

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

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

Capital Increase Agreement

On 26 March 2010 and 15 June 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 (Fohsan Lianchuang Hualian Electronics Company Limited) (the "Target Company") entered into a capital increase agreement (the "Capital Increase Agreement") and a supplemental capital increase agreement (the "Supplemental Capital Increase Agreement") respectively, pursuant to which Global Winner conditionally agreed to subscribe for additional registered capital of the Target Company. Upon completion, Global Winner will own 52.38% equity interest of the Target Company.

Pursuant to these agreements, Global Winner has conditionally agreed to subscribe for additional registered capital of the Target Company in the amount of RMB11,000,000 for a cash consideration of RMB12,000,000. 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 the Capital Increase Agreement and the Supplemental Capital Increase Agreement 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.

On 10 September 2010, Global Winner, Xiamen Hualian and Target Company (together, the "Parties") entered into the second supplemental capital increase agreement, pursuant to which if all conditions precedent as set out in the Capital Increase Agreement cannot be fulfilled within 360 days (i.e. 21 March 2011) after the date of the Capital Increase Agreement (or such other date that the Parties otherwise agree), the Capital Increase Agreement will be terminated and upon which the obligations of the Parties shall be of no further effect save for antecedent breaches. The effect is to extend the time period to fulfill all the conditions precedent in the Capital Increase Agreement to 21 March 2011.

Announcements of Annual General Meetings and Extraordinary General Meeting

On 4 August 2010, for the purpose of approving the Capital Increase Agreement, re-election of Directors, approving annual report 2008, approving annual report 2009 and re-appointment of auditor, annual general meetings for the years ended 31 December 2008 (the "AGM 2008") and 2009 (the "AGM 2009") and an extraordinary general meeting (the "EGM") were convened. However, in order to understand the intent of and seek to reach consensus with the controlling shareholder so that the Company can continue its operation and proceed with the proposed restructuring, the AGM 2008, AGM 2009 and EGM were adjourned on 4 August 2010 until further notice. Subsequently, on 26 November 2010, the AGM 2008, AGM 2009 and EGM were re-convened and the resolutions as included in the AGM 2008, AGM 2009 and EGM were duly passed and approved.

Controlling Shareholder's Voting Rights

Dr. Wong Shu Wing ("Dr. Wong"), who resigned as an executive Director of the Company on 1 March 2010, has an interest in 609,400,000 shares, representing approximately 32.68% of the existing issued share capital of the Company. In addition, Dr. Wong is a creditor of the Company for an amount of approximately HK$446,880 (the "Sum") in relation to his remuneration as an executive Director up to 24 December 2008 (i.e. the date on which the Company was placed under provisional liquidation). As the indebtedness owed to Dr. Wong is proposed to be settled under the schemes of arrangement (the "Schemes") of the resumption proposal, the proposed settlement with Dr. Wong under the Schemes will constitute a special deal under Note 5 to Rule 25 of the Hong Kong Code of Takeovers and Mergers (the "Takeovers Code"). Thus, Dr. Wong and his associates are considered to be interested in the Capital Increase Agreement which forms part of the resumption proposal and are not eligible to vote on all relevant resolutions in relation to the Capital Increase Agreement at the EGM.

On 26 July 2010, Dr. Wong entered into a deed of waiver (the "Deed"), pursuant to which Dr. Wong forgave, waived and released the Company from any and all liabilities and obligations to repay all amounts due by the Company and/or its subsidiaries to him including the Sum or any part thereof and from any and all demands, claims or suits relating directly or indirectly thereto and agreed not to assert after the date of the Deed any claim relating to any such obligations or liabilities against the Company or its successors and assigned and waived and agreed to waive any such claims which may have been previously asserted. Having considered that Dr. Wong has waived all his claims against the Company after the execution of the Deed, the special deal under Note 5 to Rule 25 of the Takeovers Code is not applicable, Dr. Wong and his associates are eligible to vote on all relevant resolutions in relation to the Capital Increase Agreement at the EGM.

Action against a former Director of the Company

On 12 October 2010, the Provisional Liquidators filed an application with the High Court against Dr. Wong for, inter alia, breaches of director's duties and an injunction against Dr. Wong and his associates to restrain them from voting against the resolutions at the re-convened AGM 2008, AGM 2009 and EGM.

On 8 November 2010, the Court granted an interlocutory injunction order against Dr. Wong and his associates. The injunction restrained Dr. Wong and his associates from voting against the proposed resolutions at the re-convened AGM 2008, AGM 2009 and EGM.

Members' Voluntary Liquidation

On 30 July 2010, the Provisional Liquidators were also appointed as the joint and several liquidators of Sunlink Wavecom Limited (In Members' Voluntary Liquidation) pursuant to the special resolutions passed at the extraordinary general meeting on the same date. The results, assets and liabilities and cash flows of this subsidiary and its wholly-owned foreign enterprise, 駿泰陽軟件科技(深圳)有限公司, were therefore deconsolidated from the consolidated financial statements of the Group since then.

Disqualification order from the Securities and Futures Commission (the "SFC")

On 20 January 2011, the SFC commenced the proceedings in the High Court, seeking orders to disqualify Dr. Wong and Mr. Lee Chak To, a former chief financial officer of the Company as company directors for alleged misconducts.

Representation of the Provisional Liquidators on the consolidated financial statements

Since 24 December 2008, pursuant to a court order, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, both of Ernst & Young Transactions Limited, have been appointed as the Provisional Liquidators of the Company, as a result from an application for the appointment of the Provisional Liquidators which were presented and filed to the High Court by the Petitioner and the Supporting Creditor on 10 and 16 December 2008 respectively.

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

Based on the books and records made available to them, the Provisional Liquidators are responsible for the accuracy of the contents of these financial statements for the year ended 31 December 2010 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these consolidated financial statements for the year ended 31 December 2010.

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

Going concern

The Group incurred a loss attributable to owners of the Company of approximately HK$20,128,000 for the year ended 31 December 2010 (2009: loss of approximately HK$33,275,000) and as at 31 December 2010 the Group had net current liabilities of approximately HK$287,235,000 (2009: approximately HK$267,344,000) and net liabilities of approximately HK$287,147,000 (2009: approximately HK$267,333,000). These conditions indicate the existence of a material uncertainty which may cause significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting polices and amounts reported for the current year and prior years except as stated below.

Consolidation

HKAS 27 (Revised) "Consolidated and Separate Financial Statements" contains the following requirements:

– Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

– Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.

– When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

5. SEGMENT INFORMATION

The Group has two reportable segments as follows:

– Sale of semiconductors and related products business

– Development and provision of electronic turnkey device solutions business

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

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

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

	Sale of semiconductors and related products business		**Development and provision of electronic turnkey device solutions business**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December						
Revenue from external customers	**147,506**	33,080	**30,975**	–	**178,481**	33,080
Segment profit before finance cost and income tax expense	**6,943**	2,170	**3,477**	–	**10,420**	2,170
Interest income	**1**	–	**–**	–	**1**	–
Interest expense	**114**	13	**–**	–	**114**	13
Depreciation	**3**	–	**4**	–	**7**	–
Capital expenditure	**8**	11	**76**	–	**84**	11
As at 31 December						
Segment assets	**16,629**	11,092	**20,830**	–	**37,459**	11,092
Segment liabilities	**16,980**	9,290	**8,987**	–	**25,967**	9,290

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

	2010	2009
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**10,420**	2,170
Unallocated amounts:		
Unallocated corporate other income	**–**	24
Unallocated corporate expenses	**(5,025)**	(4,797)
Gain on deconsolidation of the subsidiaries	**527**	–
Other losses	**(24,848)**	(30,309)
Loss from operations	**(18,926)**	(32,912)
Finance cost	**(114)**	(13)
Loss before tax	**(19,040)**	(32,925)

	2010	2009
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**37,459**	11,092
Unallocated corporate assets	**237**	1,761
Total assets	**37,696**	12,853

	2010	2009
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**25,967**	9,290
Unallocated corporate liabilities	**298,876**	270,896
Total liabilities	**324,843**	280,186

Geographical information:

	Turnover		Non-current assets	
	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**178,481**	33,080	**15**	11
The PRC except Hong Kong	**–**	–	**73**	–
Consolidated total	**178,481**	33,080	**88**	11

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

Information about major customers:

Turnover from customers contributing over 10% of the total sales of the Group are mainly derived from the sale of semiconductors and related products business and development and provision of electronic turnkey device solutions business segments in the year ended 31 December 2010 (2009: mainly derived from the sale of semiconductors and related products business). For the year ended 31 December 2010, there are three major customers contributing over 10% of the total sales amounting to approximately HK$57,717,000, HK$32,541,000 and HK$29,191,000 respectively. For the year ended 31 December 2009, there were three major customers contributing over 10% of the total sales amounting to approximately HK$12,502,000, HK$11,650,000 and HK$6,678,000 respectively.

6. TURNOVER

The Group's turnover is as follows:

	2010	2009
	HK$'000	*HK$'000*
Sales of semiconductors and related products	**147,506**	33,080
Development and provision of electronic turnkey device solutions	**30,975**	–
	178,481	33,080

7. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**1**	–
Sundry income	**30**	24
	31	24

8. GAIN ON DECONSOLIDATION OF THE SUBSIDIARIES

As disclosed in note 2 to this final result announcement, the control over Sunlink Wavecom Limited (In Members' Voluntary Liquidation) was placed into liquidation on 30 July 2010, the results, assets and liabilities and cash flows of this subsidiary together with its wholly owned foreign enterprise were therefore deconsolidated from the consolidated financial statements of the Group since then.

Net liabilities of these subsidiaries as at 30 July 2010 were as follows:

	HK$'000
Net amount due to the Group	(100)
Accruals and other payables	(265)
Net liabilities deconsolidated	(365)
Release of foreign currency translation reserve	(162)
Gain on deconsolidation of the subsidiaries	(527)
Net cash outflow arising on deconsolidation of the subsidiaries:	
Cash and cash equivalents of the subsidiaries deconsolidated	–

9. OTHER LOSSES

	2010	2009
	HK$'000	*HK$'000*
Loss on financial guarantee liabilities	**23,250**	30,284
Impairment on amounts due from the deconsolidated subsidiaries	**1,598**	25
	24,848	30,309

10. FINANCE COST

	2010	2009
	HK$'000	*HK$'000*
Interest on loans	**114**	13

The interest expense of approximately HK$114,000 for the year ended 31 December 2010 (2009: approximately HK$13,000) was due to the loans from the Investor totalling HK$15,000,000 which were included in the accruals, other payables and deposits received as at 31 December 2010, carrying an annual interest rate of 1%.

11. LOSS BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
Auditor's remuneration		
Current year	**360**	490
Over provision in prior years	**(167)**	–
	193	490
Staff costs including Directors' emoluments		
Salaries, bonus and allowances	**1,430**	415
Retirement benefits scheme contributions	**65**	18
	1,495	433
Cost of inventories sold	**156,578**	30,305
Depreciation	**7**	–
Operating lease charges on land and buildings	**386**	75

12. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax-Hong Kong Profits Tax		
Provision for the year	**634**	350
Under provision in prior year	**6**	–
	640	350

Hong Kong Profits Tax has been provided at a rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year ended 31 December 2010.

Tax charged 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.

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

	2010 HK$'000	2009 HK$'000
Loss before tax	**(19,040)**	(32,925)
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**(3,142)**	(5,433)
Tax effect of expenses that are not deductible	**4,619**	5,783
Tax effect of income that are not taxable	**(602)**	–
Under provision in prior year	**6**	–
Effect of utilisation of tax loss previously not recognised	**(241)**	–
	640	350

13. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$20,128,000 (2009: approximately HK$33,275,000) and the weighted average number of ordinary shares of 1,864,780,000 (2009: 1,864,780,000) in issue during the year.

Diluted loss per share

Diluted loss per share for the years ended 31 December 2010 and 2009 is the same as the basic loss per share as the Company did not have any dilutive potential ordinary shares during the two years.

14. TRADE RECEIVABLES

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

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

	2010 HK$'000	2009 HK$'000
30 days or less	**15,020**	2,930
31 days to 60 days	**7,262**	–
61 days to 90 days	**109**	–
Over 90 days	**3,102**	–
	25,493	2,930

As of 31 December 2010, trade receivables of HK$3,102,000 (2009: nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Over 90 days	**3,102**	–

All the Group's trade receivables are denominated in the US dollars.

15. TRADE PAYABLES

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

	2010	2009
	HK$'000	*HK$'000*
30 days or less	**3,686**	837
31 days to 60 days	**3,250**	–
61 days to 90 days	**28**	–
Over 90 days	**1,543**	–
	8,507	837

All of the Group's trade payables are denominated in the US dollars.

16. SHARE CAPITAL

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

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

	2010	2009
	HK$'000	*HK$'000*
Authorized:		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
1,864,780,000 ordinary shares of HK$0.10 each (2009: 1,864,780,000 ordinary shares of HK$0.10 each)	**186,478**	186,478

17. EVENTS AFTER THE REPORTING PERIOD

Winding-up petition

On 1 November 2010, pursuant to a court order of the High Court, the petition was ordered to be further adjourned to 9 May 2011.

Disqualification order

On 20 January 2011, the SFC has commenced proceedings in the High Court, seeking orders to disqualify Dr. Wong and Mr. Lee Chak To, a former chief financial officer of the Company as company directors for alleged misconducts.

QUALIFIED INDEPENDENT AUDITOR'S REPORT

The Provisional Liquidators would like to draw your attention to the fact that the independent auditor's report on the consolidated financial statements for the year ended 31 December 2010 has been qualified. An extract of the independent auditor's report that dealt with the qualifications is as follows:

Basis for disclaimer of opinion

1. *Opening balances and corresponding figures*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2009 (the "2009 Financial Statements"), which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 17 June 2010. Accordingly, we were then unable to form an opinion as to whether the 2009 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended.

2. *Gain on deconsolidation of the subsidiaries and impairment on amounts due from the deconsolidated subsidiaries*

   Certain subsidiaries of the Company were deconsolidated from the Group since 30 July 2010. No sufficient evidence has been provided for us to verify the transactions for the period from 1 January 2010 to 30 July 2010 and the net liabilities amount upon deconsolidation as at 30 July 2010 of these subsidiaries. As a result, we are unable to satisfy ourselves as to the gain on deconsolidation of the subsidiaries of approximately HK$527,000 in the consolidated statement of comprehensive income for the year ended 31 December 2010 and as to whether all the transactions of these subsidiaries were included in the consolidated financial statements.

   In addition, we are unable to satisfy ourselves as the impairment on amounts due from the deconsolidated subsidiaries of approximately HK$1,598,000 as included in the other losses in the consolidated statement of comprehensive income for the year ended 31 December 2010.

3. *Accruals, other payables and deposits received*

No direct confirmation and other sufficient evidence have been received by us up to the date of this announcement in respect of the accrual and other payables totalling approximately HK$372,000 as at 31 December 2010 as included in the accruals, other payables and deposits received of approximately HK$29,804,000 in the consolidated statement of financial position.

4. *Current tax liabilities*

No sufficient evidence has been received by us up to the date of this announcement in respect of the current tax liabilities totalling approximately HK$1,528,000 as at 31 December 2010 as included in the current tax liabilities of approximately HK$2,578,000 in the consolidated statement of financial position.

5. *Commitments and contingent liabilities*

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2010.

6. *Related party balances*

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party balances as at 31 December 2010 as required by Hong Kong Accounting Standard 24 "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 6 above might have a significant consequential effect on the Group's results for the two years ended 31 December 2009 and 2010, the Group's cash flows for the two years ended 31 December 2009 and 2010 and the financial positions of the Group as at 31 December 2009 and 2010, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") and a revised Resumption Proposal were submitted to The Stock Exchange of Hong Kong Limited on 14 January 2010 and 28 October 2010 respectively.

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

Disclaimer of opinion

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

After few adjournments, the hearing of the Petition was ordered by the High Court to be adjourned to 9 May 2011 to allow time for the implementation of the proposed restructuring 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 Listing Rules.

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

PROPOSED RESTRUCTURING OF THE COMPANY AFTER THE APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 2 January 2009, the Provisional Liquidators appointed the Financial Adviser for the purposes of assisting them to identify interested investors with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange. On 14 June 2010, the Financial Adviser tendered its resignation to the Company. Subsequently, Partners Capital International Limited was appointed as the new financial adviser to the Company on 16 July 2010.

On 21 January 2009, the Listing Division of the Stock Exchange issued 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, the Exclusivity Agreement was entered into amongst the Investor, Mr. Suen, the Company and the Provisional Liquidators to grant the Investor an exclusivity to prepare and submit a resumption proposal to the Stock Exchange with a view to resume the trading in the shares of the Company, and to negotiate in good faith and enter into a legally binding formal agreement for the implementation of the restructuring proposal in connection with the proposed restructuring of the Company.

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

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

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

On 30 July 2009, the Stock Exchange issued 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, the Operating Subsidiary and Telecycle entered into the MOU, pursuant to which, both parties had agreed to set up a joint venture owned as to 70% by the Operating Subsidiary and 30% by Telecycle. The joint venture will be principally engaged in collecting and recycling end-of-life telecom equipment in Asia, with a focus on the Greater China area. 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. However, 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.

On 26 March 2010 and 15 June 2010, Global Winner, Xiamen Hualian and the Target Company entered into a capital increase agreement and a supplemental capital increase agreement respectively, pursuant to which Global Winner conditionally agreed to subscribe for additional registered capital of the Target Company. Upon completion, Global Winner will own 52.38% equity interest of the Target Company.

Pursuant to these agreements, Global Winner has conditionally agreed to subscribe for additional registered capital of the Target Company in the amount of RMB11,000,000 for a cash consideration of RMB12,000,000. 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 the Capital Increase Agreement and the Supplemental Capital Increase Agreement and to approve any changes and amendments there to as the Directors of the Company or the Provisional Liquidators (as the case may be) may consider necessary, desirable or expedient.

On 10 September 2010, the Parties entered into the second Supplemental Capital Increase Agreement, pursuant to which if all conditions precedent as set out in the Capital Increase Agreement cannot be fulfilled within 360 days (i.e. 21 March 2011) after the date of the Capital Increase Agreement (or such other date that the Parties otherwise agree), the Capital Increase Agreement will be terminated and upon which the obligations of the Parties shall be of no further effect save for antecedent breaches. The effect is to extend the time period to fulfill all the conditions precedent in the Capital Increase Agreement to 21 March 2011.

In April 2010, Global Winner, the Operating Subsidiary, set up a subsidiary known as Onetech which is a company incorporated in Hong Kong with limited liability. In June 2010, Onetech established its wholly owned foreign enterprise in the PRC known as Sheng Wo. 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 Onetech Group were grouped under the Group's business of development and provision of electronic turnkey device solutions.

On 4 May 2010, the Operating Subsidiary and the Investor entered into a supplemental loan facility agreement, pursuant to which the Investor agreed to provide the Additional Working Capital Facility of up to HK$20 million to the Operating Subsidiary.

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

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

Further, the Investor has also contributed an additional fee to the Provisional Liquidators and such fee may be used at the Provisional Liquidators' sole discretion to discharge any of the professional fees in relation to the Proposed Restructuring from time to time.

On 4 August 2010, for the purpose of approving the Capital Increase Agreement, re-election of Directors, approving annual report 2008, approving annual report 2009 and re-appointment of auditor, the AGM 2008 and the AGM 2009 and the EGM were convened. However, in order to understand the intent of and seek to reach consensus with the controlling shareholder so that the Company can continue its operation and proceed with the proposed restructuring, the AGM 2008, AGM 2009 and EGM were adjourned on 4 August 2010 until further notice. Subsequently, on 26 November 2010, the AGM 2008, AGM 2009 and EGM were re-convened and the resolutions as included in the AGM 2008, AGM 2009 and EGM were duly passed and approved.

On 28 October 2010, a revised resumption proposal ("Revised Resumption Proposal") was submitted to the Stock Exchange. The Revised Resumption Proposal has set out a restructuring proposal (the "Proposed Restructuring"), which, if successfully implemented, will, amongst other things, result in:

- a capital reorganisation of the share capital of the Company and the issuance of new shares of the Company;

- all claims of the Company being discharged by way of schemes of arrangement in Hong Kong and the Cayman Islands, as appropriate; and

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

BUSINESS REVIEW

Since June 2009, the Group has resumed its sale of semiconductors and related products business through the Operating Subsidiary. During the year, significant increase in turnover and profitability has been recorded by this business segment and its business is progressing well. Enormous effort has been spent by the management in widening the product range and upgrading the services offered by the Group in order to solicit new customers and drive up turnover and profitability of this segment. The results are encouraging and 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 during the year. The business segment is currently focusing on providing product development, engineering and design services of computer motherboards and arranging production of the same for supply to computer assembling companies. Through providing quality product development, engineering and design services, it is expected that this business segment will continue to grow in the coming years and contribute a significant portion of the Group's turnover and profitability.

FINANCIAL REVIEW

The Group's turnover for the year ended 31 December 2010 was approximately HK$178,481,000, representing a very substantial increase of approximately HK$145,401,000 or almost 4.4 times when compared with the previous year (2009: approximately HK$33,080,000). The strong growth in the Group's turnover was mainly attributed to the significant expansion of the Group's sale of semiconductors and related products business and the recommencement of the Group's business of development and provision of electronic turnkey device solutions. When compared with the prior year, the turnover of the sale of semiconductors and related products business segment increased by approximately HK$114,426,000 or almost 3.5 times to approximately HK$147,506,000 (2009: approximately HK$33,080,000), which mainly due to its significant expansion of customer base and widened product range. In addition, the Group's business of development and provision of electronic turnkey device solutions, which recommenced this year, also contributed a turnover of approximately HK$30,975,000 to the Group's total turnover. These two business segments both contributed a profitable result to the Group, in which the segment profit of the sale of semiconductors and related products business increased substantially by approximately HK$4,773,000 to approximately HK$6,943,000 (2009: approximately HK$2,170,000), and the segment profit of the business of development and provision of electronic turnkey device solutions was approximately HK$3,477,000 for the current year.

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

	Sale of semiconductors and related products business *HK$'000*	Development and provision of electronic turnkey device solutions business *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2010			
Turnover	**147,506**	**30,975**	**178,481**
Segment profit before finance cost and income tax expense	**6,943**	**3,477**	**10,420**
Year ended 31 December 2009			
Turnover	33,080	–	33,080
Segment profit before finance cost and income tax expense	2,170	–	2,170

The Group recorded a loss attributable to owners of the Company of approximately HK$20,128,000 for the current year, representing a significant decrease of approximately 40% when compared with last year (2009: approximately HK$33,275,000). The loss incurred by the Group was mainly attributed to the loss on financial guarantee liabilities of approximately HK$23,250,000 (2009: approximately HK$30,284,000), impairment on amounts due from the deconsolidated subsidiaries of approximately HK$1,598,000 (2009: approximately HK$25,000) and restructuring costs of approximately HK$5,021,000 (2009: approximately HK$4,768,000). The loss was partly offset by gain on deconsolidation of the subsidiaries of approximately HK$527,000 (2009: nil). The financial guarantee liabilities represented the corporate guarantees provided by the Company for all the bank loans and certain other payables of the deconsolidated subsidiaries which are expected to be discharged under the proposed schemes of arrangement of the Company upon the completion of the Proposed Restructuring. If such loss on financial guarantee liabilities, impairment on amounts due from the deconsolidated subsidiaries, restructuring costs and gain on deconsolidation of the subsidiaries were excluded from the results of both years, the Company would have reported a profit attributable to owners of the Company of approximately HK$9,214,000 for the current year and a comparable profit of approximately HK$1,802,000 in the previous year, and a profit before tax of approximately HK$9,854,000 for the current year and a comparable profit of approximately HK$2,152,000 in previous year. Such improvement in the Group's operating results reflects the effort of the current management in expanding the Group's customer base, widening its range of products and services, increasing its sales volume as well as its profit margin.

For the year ended 31 December 2010, the basic loss per share was approximately HK1.08 cents (2009: approximately HK1.78 cents).

LIQUIDITY AND FINANCIAL RESOURCES

To the best knowledge of the Provisional Liquidators, as at 31 December 2010, the Group had bank and cash balances of approximately HK$1,631,000 (2009: approximately HK$8,867,000) and total assets of approximately HK$37,696,000 (2009: approximately HK$12,853,000), and current liabilities of approximately HK$324,843,000 (2009: approximately HK$280,186,000) and deficiency of equity attributable to owners of the Company of approximately HK$287,602,000 (2009: approximately HK$267,333,000). The Group's current ratio at the end of the reporting period was approximately 11.6% (2009: approximately 4.6%). The Group's gearing ratio could not be determined as the Group had net liabilities as at 31 December 2010 (2009: could not be determined). The Group's gearing ratio represented its total borrowings to the sum of equity attributable to the owners of the Company and total borrowings of the Group.

DIVIDEND

There will be no payment of a final dividend for the year ended 31 December 2010 (2009: nil).

PROSPECTS

The proposed subscription for the additional registered capital of the Target Company represents a good opportunity for the Group to further expand its electronic turnkey device solutions business and to create synergy effects with its existing semiconductors businesses. It is also expected that upon completion of the proposed capital injection into the Target Company which will then become a subsidiary of the Group, the scale of the Group's business operation will be expanded substantially and will pave a solid foundation for the growth of the Group's electronic turnkey device solutions and semiconductors businesses in future.

Looking ahead, the Group will continue to look for business opportunities aiming to increase Group's turnover and profitability. Furthermore, the Group is also seeking investment opportunities to expand its business portfolio so that it can capture the development and trends of the electronic components market. These business expansion plans will be possibly financed by a fund raising exercise 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. Upon completion of the proposed capital injection into the Target Company, the Group will be in a better position to further develop the businesses of the Group and to capture any attractive investment opportunities that may arise in the future.

MATERIAL ACQUISITION AND DISPOSAL

Saved as to the proposed subscription for the additional registered capital of the Target Company mentioned aforesaid under the heading "Prospects" of this results announcement, to the best knowledge of the Provisional Liquidators, the Group had no material acquisition or disposal during the year ended 31 December 2010.

FINANCIAL GUARANTEE LIABILITIES

The Company has provided corporate guarantees for certain bank loans and other payables of its subsidiaries which has 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$256,544,000 as at 31 December 2010 (2009: approximately HK$233,294,000). Liabilities of the Company are expected to be discharged under the proposed schemes of arrangement of the Company.

CONTINGENT LIABILITIES

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

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

PLEDGE OF ASSETS

To the best knowledge of the Provisional Liquidators, as at 31 December 2009 and 2010, all the assets of the Operating Subsidiary were pledged to the Investor by way of floating charge to secure the Working Capital Facility and Additional Working Capital Facility granted by the Investor to the Operating Subsidiary.

LEASE COMMITMENTS

To the best knowledge of the Provisional Liquidators, the Group did not have any significant lease commitment as at 31 December 2010 (2009: nil).

CAPITAL COMMITMENTS

To the best knowledge of the Provisional Liquidators, the Group did not have any significant capital commitments as at 31 December 2010 (2009: nil):

SHARE CAPITAL

Details of issued share capital are referred in note 16 of this final result announcement.

There was no movement in the issued share capital during the years ended 31 December 2009 and 2010.

No share option was granted, exercised or cancelled, except for the 13,100,000 share options which were lapsed during the year ended 31 December 2010.

RELATED PARTY TRANSACTIONS

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

	2010	2009
	HK$'000	*HK$'000*
Compensation of key management personnel		
Short-term benefits	**215**	50

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Apart from those events as disclosed elsewhere in this results announcement, to the best knowledge of the Provisional Liquidators, the Group has no significant events subsequent to the year ended 31 December 2010.

EMPLOYEES AND REMUNERATION POLICIES

To the best knowledge of the Provisional Liquidators, as at 31 December 2010, the Group had 20 employees (2009: 7 employees and 1 consultant). During the year, the Group remunerated its employees based on the performance and the prevailing industry practices.

MANAGEMENT ANALYSIS

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

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

To the best knowledge of the Provisional Liquidators, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

EXPOSURE TO FOREIGN EXCHANGE RISK

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

To the best knowledge of the Provisional Liquidators, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2010 or at any time during the year then ended.

INDEPENDENCE

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2010, sales to the Group's five largest customers accounted for approximately 76% (2009: 99%) of the total sales for the year and sales to the largest customer accounted for approximately 32% (2009: 38%) of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 58% (2009: 92%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 37% (2009: 36%) of the total purchases for the year.

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

RETIREMENT BENEFITS SCHEMES

To the best knowledge of the Provisional Liquidators, the Group made mandatory contributions to Mandatory Provident Fund Scheme for its staff in Hong Kong. The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

As at the date of this announcement, 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).

REVIEW OF THE FINAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of this final results announcement have been agreed by the Group's auditor, ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2010. The work performed by ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ANDA CPA Limited on the final results announcement.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.equitynet.com.hk/2336.

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, 11 March 2011

As at the date of this announcement, the Board comprises three independent non-executive Directors, namely Mr. Tso Shiu Kei, Vincent, Mr. Young Meng Cheung, Andrew and Mr. Poon Ka Lee, Barry.

* *For identification purpose only*