TC INTERCONNECT HOLDINGS LIMITED
達進精電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

website: www.tatchun.com

(Stock Code: 515)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of TC Interconnect Holdings Limited (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

	2009	2008	**Change**
	HK$'000	*HK$'000*	
Turnover	**739,314**	838,870	-11.9%
Gross profit	**93,540**	108,890	-14.1%
Profit before tax#	**16,468**	18,063	-8.8%
Dividend per share	**HK1 cent**	HK1 cent	
Dividend payout ratio	**26%**	8.7%	

excluding

2008: gain on disposal of a land use right of HK$13,428,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	2009 HK$'000	2008 HK$'000
Turnover	4	**739,314**	838,870
Cost of sales		**(645,774)**	(729,980)
Gross profit		**93,540**	108,890
Other income	5	**27,552**	25,823
Other gains and losses	5	**(6,944)**	(1,480)
Selling and distribution expenses		**(36,193)**	(30,080)
Administrative expenses		**(49,891)**	(53,674)
Finance costs		**(11,596)**	(17,988)
Profit before tax		**16,468**	31,491
Income tax expense	6	**(5,331)**	(3,770)
Profit for the year	7	**11,137**	27,721
Other comprehensive income			
Surplus on revaluation of properties		**6,878**	8,385
Deferred tax liabilities arising from revaluation of properties		**(1,719)**	(2,097)
Other comprehensive income for the year		**5,159**	6,288
Total comprehensive income for the year		**16,296**	34,009
Earnings per share	8		
Basic		**HK$0.05**	HK$0.12
Diluted		**HK$0.05**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**3,800**	3,100
Property, plant and equipment		**439,599**	460,456
Prepaid lease payments – non-current portion		**22,535**	23,150
Deposits paid for acquisition of property, plant and equipment		**5,962**	4,704
		471,896	491,410
Current assets			
Inventories		**107,924**	90,453
Prepaid lease payments – current portion		**615**	615
Trade and other receivables	*9*	**229,973**	247,289
Bills receivable	*9*	**530**	4,768
Tax recoverable		**2,940**	2,190
Investment designated as at fair value through profit or loss		**–**	9,349
Derivative financial instruments		**520**	1,301
Restricted bank deposits		**80,105**	18,373
Bank balances, deposits and cash		**50,312**	59,828
		472,919	434,166
Current liabilities			
Trade and other payables	*10*	**180,910**	230,261
Bills payable	*10*	**88,497**	39,995
Derivative financial instruments		**459**	–
Taxation payable		**16,999**	16,718
Bank and other borrowings – due within one year	*11*	**207,089**	177,962
Obligations under finance leases – due within one year		**33,675**	43,492
		527,629	508,428
Net current liabilities		**(54,710)**	(74,262)
Total assets less current liabilities		**417,186**	417,148

	NOTES	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank and other borrowings – due after one year	*11*	**13,099**	8,000
Obligations under finance leases – due after one year		**15,139**	41,316
Amount due to a shareholder		**21,142**	20,627
Deferred tax liabilities		**13,381**	11,488
		62,761	81,431
Net assets		**354,425**	335,717
Capital and reserves			
Share capital	*12*	**24,000**	24,000
Reserves		**330,425**	311,717
Total equity		**354,425**	335,717

NOTES

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 12 November 2004. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Yeung Hoi Shan is a controlling shareholder of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by HK$54,710,000 as at 31 December 2009. The Group has unutilised banking facilities of approximately HK$119 million as at 31 December 2009, the majority of which are due in the coming year. The directors of the Company believe that these banking facilities will be able to be renewed in the coming year when they expire. On 22 January 2010, the Company completed a conditional top-up placement with net proceeds of approximately HK$59,400,000. Details of the placement are disclosed in the Company's announcement dated 21 January 2010.

The directors of the Company are of the opinion that, taking into account of the internally generated funds of the Group and the present available banking facilities, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this report. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

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

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

News and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

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

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

The Group early adopted amendment to HKFRS 8 as part of the Improvements to HKFRSs issued in 2009. The amendment clarifies that an entity shall report a measure of total assets for each reportable segment if such amount is regularly provided to the chief operating decision maker.

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

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009, except for amendment to HKFRS 8[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

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

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

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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

4. REVENUE

Revenue represents the amounts received and receivable for goods sold, net of discounts, value-added tax and other sales related taxes, by the Group to outside customers during the year.

5. OTHER INCOME/OTHER GAINS AND LOSSES

Other income

	2009	2008
	HK$'000	*HK$'000*
Bank interest income	**642**	186
Rental income generated from investment properties	**672**	568
Sales of scrap materials	**25,532**	23,433
Others	**706**	1,636
	27,552	25,823

Other gains and losses

	2009	2008
	HK$'000	*HK$'000*
Net foreign exchange loss	**(5,903)**	(6,330)
Impairment loss recognised on trade receivables	**(3,490)**	(10,793)
Fair value changes on investment designated as at fair value through profit or loss	**(459)**	–
Fair value changes on derivative financial instruments	**(430)**	2,504
Reversal of impairment loss previously recognised on trade receivables	**2,593**	–
Fair value changes on investment properties	**700**	(400)
Gain on disposal of property, plant and equipment	**45**	111
Gain on disposal of a land use right	**–**	13,428
	(6,944)	(1,480)

6. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
Current year	**5,157**	5,460
Overprovision	**–**	(1,800)
	5,157	3,660
Deferred tax		
Current year	**174**	296
Attributable to a change in tax rate	**–**	(186)
	174	110
	5,331	3,770

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

During the years ended 31 December 2009 and 2008, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit for both years.

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Zhongshan Tat Chun Printed Circuit Board Company Limited ("Zhongshan PCB") and Guangdong Tat Chun Electric Technology Company Limited ("Guangdong Tat Chun"), both are wholly owned subsidiaries of the Company, are entitled to an exemption from the PRC EIT for the first two years commencing from their first profit-making year of operation, and thereafter, these PRC subsidiaries will be entitled to a 50% relief from the PRC EIT for the following three years ("Tax Holiday"). Under the EIT Law, the reduced tax rate for the 50% relief from the PRC EIT is 12.5%. After the expiry of the tax relief period, Zhongshan PCB and Guangdong Tat Chun is subject to an income tax rate of 25%. The first profit-making year of operation of Zhongshan PCB and Guangdong Tat Chun was 2004 and 2008, respectively. During the year ended 31 December 2009, the Tax Holiday of Zhongshan PCB expired and its tax rate of the PRC EIT was 25% (2008: 12.5%).

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2009 *HK$'000*	2008 *HK$'000*
Profit before tax	**16,468**	31,491
Tax rate applicable to the major operations of the Group	**25%**	25%
Tax at the applicable rate	**4,117**	7,873
Tax effect of expenses not deductible for tax purpose	**2,800**	4,415
Tax effect of income not taxable for tax purpose	**(313)**	(28)
Tax effect of Tax Holiday of subsidiaries	**(2,449)**	(10,828)
Tax effect of utilisation of tax losses previously not recognised	**(27)**	–
Tax effect of different tax rates of operations/entities operating in other jurisdiction	**1,203**	1,356
Tax effect of tax losses/temporary difference not recognised	**–**	2,968
Tax effect of change in tax rate	**–**	(186)
Overprovision of PRC EIT	**–**	(1,800)
Income tax expense	**5,331**	3,770

7. PROFIT FOR THE YEAR

	2009 *HK$'000*	2008 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses, including directors' remuneration	**96,870**	104,917
Retirement benefit schemes contributions	**3,474**	3,617
Total employee expenses	**100,344**	108,534
Auditor's remuneration	**1,363**	1,458
Cost of inventories recognised as an expense	**645,774**	729,030
Depreciation of property, plant and equipment	**51,362**	48,299
Release of prepaid lease payments	**615**	740

8. EARNINGS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Earnings		
Profit for the year and earnings for the purposes of basic and diluted earnings per share	**11,137**	27,721
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**240,000,000**	240,000,000
Effect of dilutive potential ordinary shares:		
Share options *(note)*	**1,202,513**	–
Number of ordinary shares for the purpose of diluted earnings per share	**241,202,513**	240,000,000

Note: No diluted earnings per share for the year ended 31 December 2008 had been presented because the exercise price of share options granted by the Company was higher than the Company's market share price.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	2009 HK$'000	2008 HK$'000
Trade receivables	**227,324**	241,185
Less: Allowance for doubtful debts	**(22,690)**	(21,793)
Total trade receivables, net of allowance	**204,634**	219,392
Other receivables and prepayments	**25,339**	27,897
	229,973	247,289

The Group generally allows an average credit period of 30 days to 150 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2009 HK$'000	2008 HK$'000
0 – 30 days	**72,010**	63,142
31 – 60 days	**65,173**	64,683
61 – 90 days	**43,704**	47,629
91 – 180 days	**21,348**	42,148
Over 180 days	**2,399**	1,790
	204,634	219,392

(b) Bills receivable

The aged analysis of bills receivable is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**530**	122
31 – 60 days	**–**	2,382
61 – 90 days	**–**	1,952
91 – 180 days	**–**	312
	530	4,768

10. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**30,900**	22,453
31 – 60 days	**34,135**	20,705
61 – 90 days	**21,950**	48,553
91 – 180 days	**62,111**	101,450
Over 180 days	**1,069**	7,046
	150,165	200,207
Other payables and accruals	**30,745**	30,054
	180,910	230,261

The credit period on purchases of goods ranged from 90 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(b) Bills payable

The aged analysis of bills payable is as follows:

	2009	2008
	HK$'000	HK$'000
0 – 30 days	**23,291**	32,125
31 – 60 days	**14,568**	3,695
61 – 90 days	**10,207**	2,872
91 – 180 days	**40,431**	1,303
	88,497	39,995

11. BANK AND OTHER BORROWINGS

	2009	2008
	HK$'000	*HK$'000*
Bank loans	**187,058**	162,519
Trust receipt loans	**33,130**	23,443
	220,188	185,962
Analysed as:		
Secured	**150,204**	69,161
Unsecured	**69,984**	116,801
	220,188	185,962
Carrying amount repayable:		
On demand or within one year	**207,089**	177,962
More than one year, but not exceeding two years	**6,527**	4,000
More than two years, but not exceeding five years	**6,572**	4,000
	220,188	185,962
Less: Amounts due within one year shown under current liabilities	**(207,089)**	(177,962)
	13,099	8,000

The bank and other borrowings were secured by assets of the Group as disclosed in note 14. Among the bank and other borrowings, an amount of approximately HK$17,045,000 was secured by a personal guarantee made by a shareholder.

12. SHARE CAPITAL

	Number of shares	Nominal value
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2008, 31 December 2008 and 31 December 2009	2,000,000,000	200,000
Issued and fully paid:		
At 1 January 2008, 31 December 2008 and 31 December 2009	240,000,000	24,000

13. CAPITAL COMMITMENT

	2009	2008
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**15,790**	15,815
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	**11,364**	–

14. PLEDGE OF ASSETS

As at 31 December 2009, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	HK$'000
Buildings	141,776
Plant and machinery	31,072
Restricted bank deposits	80,105
Prepaid lease payments	23,150
	276,103

As at 31 December 2008, the equity interests of two PRC subsidiaries with net asset values of approximately HK$380,254,000 were pledged to banks to secure general banking facilities granted to the Group. During the year ended 31 December 2009, the equity interests of these two PRC subsidiaries were discharged and released from banks.

15. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* ("HKFRS 8") with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting* ("HKAS 14")) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group determines its operating segment based on the reports reviewed by the chief operating decision maker, Chief Executive Officer, for making strategic decisions. The reports are prepared by products and presented in three operating segments. Summarised details of each of the three operating segments are as follows:

- Manufacturing and trading of Single-sided printed circuit boards ("PCB") ("Single-sided")
- Manufacturing and trading of Double-sided PCB ("Double-sided")
- Manufacturing and trading of Multi-layered PCB ("Multi-layered")

No information of segment assets and liabilities is available for the assessment of performance of different operating segments. Therefore, only segment turnover and segment results are presented.

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating segment.

	2009 ***HK$'000***	2008 *HK$'000*
TURNOVER – external sales		
Single-sided	**197,837**	199,836
Double-sided	**216,971**	309,102
Multi-layered	**324,506**	329,932
Total	**739,314**	838,870

	2009	2008
	HK$'000	*HK$'000*
RESULT		
Segment results		
– single-sided	**6,656**	3,618
– double-sided	**11,986**	21,886
– multi-layered	**13,558**	14,928
	32,200	40,432
Other income	**2,065**	15,929
Central administrative costs	**(6,012)**	(8,986)
Fair value changes on investment designated as at fair value through profit or loss	**(459)**	–
Fair value changes on derivative financial instruments	**(430)**	2,504
Fair value changes on investment properties	**700**	(400)
Finance costs	**(11,596)**	(17,988)
Profit before tax	**16,468**	31,491

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee and depreciation of property, plant and equipment for administrative purpose), fair value changes on investment designated as at fair value through profit or loss, fair value changes on derivative financial instruments, fair value changes on investment properties and finance costs. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and performance assessment.

Other segment information

Amounts included in the measure of segment profit:

	2009	2008
	HK$'000	*HK$'000*
Depreciation and amortisation		
– single-sided	**6,694**	3,310
– double-sided	**11,940**	13,362
– multi-layered	**30,844**	26,717
	49,478	43,389
– unallocated	**2,499**	5,649
	51,977	49,038
Net impairment loss (reversed) recognised in respect of trade receivables		
– single-sided	**(240)**	2,571
– double-sided	**(263)**	3,977
– multi-layered`	**(394)**	4,245
	(897)	10,793
Impairment loss (reversed) recognised in respect of inventories		
– single-sided	**(181)**	181
– double-sided	**(485)**	485
– multi-layered	**(284)**	284
	(950)	950

Geographical information

The Group's operations are located in HK and the PRC.

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

	Revenue from external customers For the year ended 31 December		Non-current assets As at 31 December	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia:				
HK	**215,675**	219,148	**8,322**	7,510
Taiwan	**154,787**	234,513	**–**	–
The PRC (excluding HK and Taiwan)	**140,240**	110,897	**463,574**	483,900
Japan	**12,124**	52,928	**–**	–
Other Asian regions	**74,627**	43,882	**–**	–
Europe	**79,870**	147,839	**–**	–
Others	**61,991**	29,663	**–**	–
	739,314	838,870	**471,896**	491,410

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009	2008
	HK$'000	*HK$'000*
Customer A *(note)*	**82,171**	95,434

Note: The revenue is mainly from multi-layered segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2009, facing tough business environment of PCB industry, the Group consolidated its business focus, and shelved its expansion plan for production capacity. Yet, the management holds an optimistic view on the business prospects of PCB business in 2010 given the long term relationship with its customers and promising outlook of upcoming projects. The Group is confident to securing larger market share and improving its profitability through optimization of production facilities, consistent cost control measures and comprehensive sales and marketing networks.

On the other hand, the Board takes an open view to explore high growth and potential projects in order to broaden the Group's income stream and increase the shareholders' value. The Group realizes the business potential of energy saving products and the LED lighting business. Upon the formation of a joint venture company in LED business (the "JV Company") with 深圳市東方光電股份有限公司 (Orient Opto-Semiconductors Corp.*) ("Dongfang"), a limited company incorporated under the laws of the PRC, which is expected to be established by May 2010 upon the approval of shareholders in an extraordinary shareholders' meeting, the Group will further diversify the product range, improve its products' structure and enhance its anti-risk ability and profitability.

The Directors believe, upon the commencement of LED lighting business, the technology-driven JV Company will be ready to tap the high growth LED road lamp replacement market in China. The JV Company will operate with complete value chain in LED lighting systems, i.e. R&D, manufacture, LED packaging and installation of LED lighting systems, including decorative lights and high power lights. Since the signing of the non-legally binding memorandum of understanding dated 28 September 2009 in relation to the formation of the JV Company and the Acquisition and during the course of the formation of the JV Company, the Group and Dongfang have already made significant efforts to start up certain LED lighting business negotiations and arrangements, with encouraging prospects so far. As a starting point, the JV Company will focus its business in cities such as Yangzhou of Jiangsu Province, Chengdu of Sichuan Province, and Foshan, Shenzhen and Guangzhou of Guangdong Province.

To signify a milestone for the Group's urban LED lighting business, the Company has established a landmark foothold in Yangzhou, Jiangsu Province. The move is to tap the eastern China market and a memorandum of understanding was signed on 19 November 2009 with the management committee of Yangzhou Economic Development Zone. The Group has also signed an agreement with the management committee of the South West Airport Economic Development Zone in Shuangliu County, Chengdu, Sichuan Province on 30 December 2009 to kick off another key project to develop the LED lighting business in south-western China. The Group is pleased to execute its LED business as planned. By kicking off the urban LED lamp market in Yangzhou and Chengdu, the Group's confidence to tap the high potential of LED market in the PRC has been enhanced. The Group plans to establish footholds in different regions in order to explore markets nearby.

Business review

The Group is principally engaged in manufacturing and trading of board range of PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs up to 12 layers, the breakdown by turnover is summarized as follows:

	Year 2009		Year 2008		Increase/ (Decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Single-sided	**197,837**	**26.8**	199,836	23.8	(1,999)	(1.0)
Double-sided	**216,971**	**29.3**	309,102	36.9	(92,132)	(29.8)
Multi-layered	**324,506**	**43.9**	329,932	39.3	(5,426)	(1.6)
Total	**739,314**	**100**	838,870	100	(99,556)	(11.9)

The products in the three categories are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the year, application wise, consumer electronics remained to contribute the highest turnover that accounted for approximately 54% of the Group's turnover. High end multi-layered PCBs became the core product of the Group, accounted for 44% of turnover. During the year, the Group has successfully expanded its business in automotive and multimedia markets.

The Group's turnover by geographical regions are summarized as follows:

	Year 2009 *HK$'000*	*%*	Year 2008 *HK$'000*	*%*	Increase/ (Decrease) *HK$'000*	Change in *%*
Hong Kong	**215,675**	**29**	219,148	26	(3,473)	(2)
PRC	**140,240**	**18**	110,897	13	29,343	26
Asia (Excluding Hong Kong & PRC)	**241,538**	**33**	331,323	39	(89,785)	(27)
Europe	**79,870**	**11**	147,839	18	(67,969)	(46)
Others	**61,991**	**9**	29,663	4	32,328	109
Total	**739,314**	**100**	838,870	100	(99,556)	(12)

The Group has two manufacturing plants both located at Zhongshan, Guangdong of the PRC.

Production plant	**Location**	**Area**	**Products**	**Production capacity**	**Commencement of operations**
Plant 1	Zhongshan, Guangdong the PRC	58,000 sq. m.	1 – 8 layered PCBs	3.2 million sq. ft. per month	May 2003
Plant 2	Zhongshan, Guangdong the PRC	52,000 sq. m.	4 – 12 layered PCBs	300,000 sq. ft. per month (phase 1)	October 2007 (phase 1)

Financial Review

For the year ended 31 December 2009, the Group's turnover amounted to approximately HK$739.3 million, representing a decrease of 12% as compared to approximately HK$838.9 million for the year ended 31 December 2008. Profit attributable to shareholders was approximately HK$11.1 million (2008: HK$27.7 million).

The gross margin for the year of 2009 was 13%, the same as that of last year. Due to weak market sentiment in 2009 reducing demands for the PCB products, particularly in double-sided PCBs, the utilization rates of the production capacities remained at a lower level throughout the year. The average utilization rate of single-sided PCBs, double-sided PCBs and multi-layered PCBs were 85%, 41% and 57%, respectively, during the year of 2009.

Liquidity and Capital Resources

As at 31 December 2009, the Group had total assets of approximately HK$944.8 million (31 December 2008: HK$925.6 million) and interest-bearing borrowings of approximately HK$269.0 million (31 December 2008: HK$270.8 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 28.5% (31 December 2008: 29.3%).

The Group had net current liabilities of approximately HK$54.7 million (31 December 2008: net current liabilities of HK$74.3 million) consisted of current assets of approximately HK$472.9 million (31 December 2008: HK$434.2 million) and current liabilities of approximately HK$527.6

million (31 December 2008: HK$508.4 million), representing a current ratio of approximately 0.90 (31 December 2008: 0.85).

As at 31 December 2009, the Group had cash and bank balances (including restricted bank deposits) of approximately HK$130.4 million (31 December 2008: HK$78.2 million).

Foreign Currency Exposure

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars and Renminbi ("RMB"). However, foreign currencies, mainly United States Dollars, Euro and Japanese Yen, are required to settle the Group's expenses and additions on plant and equipment. There are also sales transactions denominated in United States Dollars and RMB. The Group will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

Human Resources

As at 31 December 2009, the Group employed a total of approximately 3,362 employees (31 December 2008: 2,676), including approximately 3,332 employees in its Zhongshan production site and approximately 30 employees in its Hong Kong office.

The Group's remuneration policy is reviewed regularly, with reference to the legal framework, market conditions and the performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management are also reviewed by the remuneration committee. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals. Under the Group's remuneration policy, employees are rewarded in line with the market rate in compliance with statutory requirements of all jurisdictions where it operates. The Group also holds regular training programmes and also encourages staffs to attend training courses and seminars that are related directly and indirectly to the Group's business.

Outlook

The Group holds an optimistic view on the PCB business. Motivated by the positive growth of the global economy, the global electronic industry is expected to rebound in 2010. In fact, an uptrend of export value and domestic sales of electronic products is recorded in the first two months of 2010. Looking ahead, the Chinese government will continue to implement the subsidy policy of household appliances and automobile purchases in 2010 and these measures will increase the domestic consumption of electronic products, leading to strong demand for PCB.

The high consumption of energy globally prioritizes the LED lighting technology to become a national issue. In favour of the highly promoted of "Ten Thousand LED lights in Ten Cities" and Guangdong's "Thousand Miles Ten Thousand" projects by the Ministry of Science and Technology of the PRC, the Group has set up a JV Company to develop the LED business in the PRC. The Group is confident to tap the high potential LED market and will establish footholds in different regions in order to explore markets nearby. The Group has secured the projects in Yangzhou, Chengdu and Foshan. In 2010, the Group will execute its LED business as planned.

The Group will continue to develop its business actively and explore new markets and opportunities to enhance its business.

OTHER INFORMATION

Dividends

The Board has resolved to recommend the payment of a final dividend of HK1.0 cents per Share, amounting to approximately HK$2.9 million (31 December 2008: HK1.0 cents per Share). Subject to Shareholders' approval at the AGM, the final dividends will be payable to the Shareholders on or around 14 June 2010 whose names appear on the register of members of the Company on 7 June 2010.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 3 June 2010 to Monday, 7 June 2010 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch registrars, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 2 June 2010.

Share Option Scheme

On 5 June 2006, a share option scheme (the "Share Option Scheme") was adopted by a resolution in writing by the sole shareholder. The purposes of the Share Option Scheme are to attract and retain best available personnel to provide additional incentive to employees, directors, consultants, and advisers of the Group and to promote the success of the business of the Group. The directors of the Company may, at their discretion, offer any employee (whether full-time or part-time), director, consultant or adviser of the Group options to subscribe for new shares at a price and terms set out in the Share Option Scheme.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme involving the issue or grant of options over shares or other securities by the Group shall not exceed 10% of the issued share capital on 22 June 2006 (such 10% limit representing 24,000,000 shares).

No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital from time to time, unless the approval of the shareholders is obtained. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The amount payable on acceptance of the grant of options is HK$1. The exercise price is determined by the board of directors, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of the share options held by the directors of the Company are as follows:

Grantee	Date of grant	Exercise price per share *HK$*	Outstanding at 1 January 2009	Granted during the year	Forfeited during the year	Outstanding at 31 December 2009	Exercisable period
Mr. Yeung Hoi Shan	3 July 2007	1.52	2,000,000	–	–	2,000,000	(Note 1)
	29 September 2009	1.07	–	2,400,000	–	2,400,000	(Note 2)
Mr. Wong Wing Choi*	3 July 2007	1.52	2,000,000	–	(2,000,000)	–	(Note 1)
Mr. Pak Shek Kuen	3 July 2007	1.52	2,000,000	–	–	2,000,000	(Note 1)
	29 September 2009	1.07	–	2,000,000	–	2,000,000	(Note 2)
Madam Li Jinxia	3 July 2007	1.52	1,000,000	–	–	1,000,000	(Note 1)
	29 September 2009	1.07	–	1,000,000	–	1,000,000	(Note 2)
Mr. Yeung Tai Hoi	3 July 2007	1.52	200,000	–	–	200,000	(Note 1)
	29 September 2009	1.07	–	200,000	–	200,000	(Note 2)
Mr. Cheung Kwok Ping	29 September 2009	1.07	–	200,000	–	200,000	(Note 2)
Mr. Cheung Sui Wing, Darius	3 July 2007	1.52	200,000	–	–	200,000	(Note 1)
	29 September 2009	1.07	–	200,000	–	200,000	(Note 2)
Ms. Ho Man Kay	3 July 2007	1.52	200,000	–	–	200,000	(Note 1)
	29 September 2009	1.07	–	200,000	–	200,000	(Note 2)
Mr. Wong Siu Fai, Albert	3 July 2007	1.52	200,000	–	–	200,000	(Note 1)
	29 September 2009	1.07	–	200,000	–	200,000	(Note 2)
			7,800,000	6,400,000	(2,000,000)	12,200,000	

* Mr. Wong Wing Choi resigned as an executive director on 23 January 2009.

Note 1: Options are exercisable subject to (i) up to 40% of the options are exercisable a year after the date of grant; (ii) up to 70% of the options are exercisable two years after the date of grant; and (iii) all the remaining options are exercisable three years after the date of grant. The options will be expired on 2 July 2011.

Note 2: Options are exercisable subject to (i) up to 30% of the options are exercisable on or after 29 September 2009; (ii) up to 60% of the options are exercisable on or after 29 September 2010; and (iii) all the remaining options are exercisable on or after 29 September 2011. The options will be expired on 28 September 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Compliance with the Code of Corporate Governance Practices

The Company is committed to adopting the standards of corporate governance. The board of directors (the "Board") of the Company believes that good governance is essential to achieving the Group's objectives of maximizing shareholders' value and safeguarding the interests of the shareholders.

The Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the Code of Corporate Governance practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2009, except the deviation disclosed in the following paragraph:

– With respect to Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separated and not be performed by the same individual. Mr. Wong Wing Choi, an executive director and CEO of the Company Has resigned on 23 January 2009. Since then, the Company had tried to look for appropriate person to succeed and up to the date of this report, the process is still in progress.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, all directors declared that they have complied with the Model Code throughout the year.

Audit Committee

The Audit Committee comprises the three independent non-executive directors, one of whom possesses recognized professional qualifications in accounting and has wide experience in audit and accounting. Mr. Cheung Sui Wing, Darius is the chairman of the Audit Committee. The Company's annual results for the year ended 31 December 2009 has been reviewed by the Audit Committee.

On behalf of the Board
Yeung Hoi Shan
Chairman

Hong Kong, 23 April 2010

As at the date of this announcement, the Company has two executive Directors, being Mr. Yeung Hoi Shan and Mr. Pak Shek Kuen, three non-executive Directors, being Madam Li Jin Xia, Mr. Yeung Tai Hoi and Mr. Cheung Kwok Ping and three independent non-executive Directors, being Mr. Cheung Sui Wing Darius, Madam Ho Man Kay Angela and Mr. Wong Siu Fai Albert.

* *For identification purpose only*