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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2336)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of Sunlink International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2013 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	4 & 5	**231,191**	334,135
Cost of sales		**(222,835)**	(309,885)
Gross profit		**8,356**	24,250
Other income	6	**4,261**	2,283
Selling and distribution expenses		**(3,524)**	(2,621)
Administrative expenses		**(8,755)**	(13,627)
Impairment loss on a trade receivable	13	**(1,328)**	–
(Loss)/profit from operations		**(990)**	10,285
Finance costs	7	**(430)**	(619)
Gain on debts discharged under the Scheme of Arrangement	8	**–**	227,219
Gain on group reorganisation	8	**–**	30,589
Loss on financial guarantee liabilities	15	**–**	(3,766)

	Notes	**2013**	2012
		HK$'000	*HK$'000*
(Loss)/profit before tax		**(1,420)**	263,708
Income tax credit/(expense)	9	**6**	(908)
(Loss)/profit for the year	10	**(1,414)**	262,800
Other comprehensive income/(expenses) for the year, net of tax:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,000**	(76)
Total comprehensive (expenses)/income for the year		**(414)**	262,724
Profit/(loss) for the year attributable to:			
Owners of the Company		**353**	263,149
Non-controlling interests		**(1,767)**	(349)
		(1,414)	262,800
Total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		**895**	263,106
Non-controlling interests		**(1,309)**	(382)
		(414)	262,724
Earnings per share	12		
Basic (HK cent(s) per share)		**0.03**	28.29
Diluted (HK cent(s) per share)		**0.03**	27.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Non-current asset			
Property, plant and equipment		**5,842**	5,606
Current assets			
Inventories		**41,683**	26,855
Trade and bill receivables	13	**36,475**	68,975
Prepayments, deposits and other receivables		**2,830**	1,883
Short-term loans receivable		**–**	12,250
Current tax assets		**1,252**	392
Bank and cash balances		**121,163**	81,918
		203,403	192,273
Current liabilities			
Trade payables	14	**31,501**	14,682
Accruals, other payables and deposits received		**4,567**	3,560
Creditors convertible bonds	16	**3,265**	–
Due to a non-controlling shareholder of a subsidiary		**302**	2,694
Current tax liabilities		**–**	1,013
		39,635	21,949
Net current assets		**163,768**	170,324
Total assets less current liabilities		**169,610**	175,930
Non-current liabilities			
Creditors convertible bonds	16	**–**	7,246
Deferred tax liabilities		**2**	124
		2	7,370
NET ASSETS		**169,608**	168,560
Capital and reserves			
Share capital		**10,725**	10,697
Reserves		**145,463**	144,240
Equity attributable to owners of the Company		**156,188**	154,937
Non-controlling interests		**13,420**	13,623
TOTAL EQUITY		**169,608**	168,560

Notes:

1. Basis of preparation

Completion of the restructuring of the Group and resumption 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 of Hong Kong Limited (the "Stock Exchange") at the request of the Company on 2 December 2008 after the winding up petition against the Company was presented to the High Court of Hong Kong Special Administrative Region (the "High Court") on 1 December 2008. 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 joint and several provisional liquidators (the "Provisional Liquidators") of the Company to take control and possession of the assets of the Company.

Since then, the Provisional Liquidators had commenced the implementation of the proposed restructuring of the Company. On 11 May 2009, an exclusivity agreement was entered into amongst Brilliant Capital International Limited (the "Investor" and now the controlling shareholder of the Company), Mr. Suen Cho Hung, Paul (now a Non-executive Director of the Company), the Company and the Provisional Liquidators (the "Parties") to grant to the Investor an exclusivity to prepare and submit a resumption proposal to the Stock Exchange with the view to resume trading of the Company's shares.

After entering into the exclusivity agreement, with the assistance of the Investor, the Group had established certain special purpose vehicles to re-activate the sale of semiconductors and related products business and development and provision of electronic turnkey device solutions business. In addition, in June 2011, the Group completed a capital injection agreement pursuant to which Global Winner Enterprises Limited, a subsidiary of the Company, became interested in 52.38% of the registered capital of 佛山聯創華聯電子有限公司 (literally translated as Foshan Lianchuang Hualian Electronics Company Limited). Through this capital injection, the Group further expanded its development and provision of electronic turnkey device solutions business.

On 30 September 2011, a formal restructuring agreement (the "Restructuring Agreement", details of the Restructuring Agreement were set out in the circular of the Company dated 23 December 2011) was entered into amongst the Parties to implement the proposed restructuring of the Company which included, inter alia, (i) capital restructuring; (ii) open offer; (iii) subscription of new shares; (iv) issue of shares to creditors; (v) issue of creditors convertible bonds; (vi) implementation of the scheme of arrangement with creditors of the Company (the "Scheme of Arrangement", details of the Scheme of Arrangement were set out in the circular of the Company dated 23 December 2011); and (vii) group reorganisation. On 23 February 2012, the proposed restructuring was completed. On 24 February 2012, the Provisional Liquidators were discharged and the petition for winding-up of the Company was dismissed by the High Court. Upon the grant from the Stock Exchange, trading in the shares of the Company was resumed on 28 February 2012.

2. 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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; 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 policies and amounts reported for the current year and prior years except as stated below.

Amendments to HKAS 1"Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income of the Group.

HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

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

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair values.

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires the directors of the Company to exercise their judgements in the process of applying the accounting policies.

4. Segment information

The Group has two reportable segments as follows:

– Sale of semiconductors and related products

– Development and provision of electronic turnkey device solutions

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately for the purpose of resources allocation and performance assessment.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, gain on debts discharged under the Scheme of Arrangement and on group reorganisation, loss on financial guarantee liabilities, finance costs and income tax credit and expense.

Information about reportable segment profits or losses:

	Sale of semiconductors and related products		Development and provision of electronic turnkey device solutions		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December						
Revenue from external customers	**185,980**	263,661	**45,211**	70,474	**231,191**	334,135
Segment profit/(loss) before finance costs and income tax credit and expense	**3,523**	12,746	**(3,827)**	2,827	**(304)**	15,573
Bank interest income	**452**	678	**34**	79	**486**	757
Interest expense on loans from the Investor	**–**	(41)	**–**	–	**–**	(41)
Depreciation	**(32)**	(24)	**(887)**	(653)	**(919)**	(677)
Income tax expense	**(2)**	(737)	**(16)**	(256)	**(18)**	(993)
Impairment loss on a trade receivable	**–**	–	**1,328**	–	**1,328**	–
Write down of inventories	**202**	–	**3,154**	–	**3,356**	–
Capital expenditure	**11**	126	**959**	2,109	**970**	2,235

Reconciliations of reportable segment profits or losses are as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**(304)**	15,573
Unallocated amounts:		
Unallocated corporate other income	**3,524**	1,266
Unallocated corporate expenses	**(4,210)**	(6,554)
(Loss)/profit from operations	**(990)**	10,285
Finance costs	**(430)**	(619)
Gain on debts discharged under the Scheme of Arrangement	**–**	227,219
Gain on group reorganisation	**–**	30,589
Loss on financial guarantee liabilities	**–**	(3,766)
(Loss)/profit before tax	**(1,420)**	263,708

Geographical information:

	Turnover	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**185,980**	291,715
The People's Republic of China (the "PRC") except Hong Kong	**45,211**	42,420
Total	**231,191**	334,135

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

Revenue from major customers contributing over 10% of the total turnover of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Sale of semiconductors and related products		
Customer A	**69,790**	49,576
Customer B	**–**	64,195
Customer C	**–**	62,340

5. Turnover

The Group's turnover is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sale of semiconductors and related products	**185,980**	263,661
Development and provision of electronic turnkey device solution products	**45,211**	70,474
	231,191	334,135

6. Other income

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**486**	757
Interest income from short-term loans receivable	**3,307**	966
Sundry income	**468**	560
	4,261	2,283

7. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest expenses on:		
Loans from the Investor under the working capital facility and the additional working capital facility	**–**	41
Creditors convertible bonds *(note 16)*	**430**	578
	430	619

8. Gain on debts discharged under the Scheme of Arrangement/group reorganisation

Gain on debts discharged under the Scheme of Arrangement

On 23 February 2012, the majority of the scheme creditors approved the Scheme of Arrangement under which all indebtedness owed by the Company to the scheme creditors on the date for determination of entitlement of such scheme creditors were released, discharged and fully settled.

The Scheme of Arrangement was sanctioned by the Grand Court of the Cayman Islands and the High Court on 19 January 2012 and 2 February 2012, respectively. The total indebtedness admitted by the scheme administrators under the Scheme of Arrangement was discharged and settled in full by way of a combination of cash payment of HK$43,000,000, issuance of 40,000,000 Company's shares at the issue price of HK$0.20 per share with the par value of HK$0.01 each, and issuance of creditors convertible bonds in the aggregate principal amount of HK$8,000,000. As a result, a gain on debts discharged under the Scheme of Arrangement of approximately HK$227,219,000 was recognised during the year ended 31 December 2012, being calculated as follows:

	2012 *HK$'000*
Debts discharged:	
Financial guarantee liabilities *(note 15)*	285,007
Current tax liabilities	60
Due to deconsolidated subsidiaries	679
Accruals, other payables and deposits received	473
	286,219
Satisfied by:	
Cash consideration	(43,000)
Issue of shares to creditors	(8,000)
Issue of creditors convertible bonds	(8,000)
	(59,000)
Gain on debts discharged under the Scheme of Arrangement	227,219

Gain on group reorganisation

On 23 February 2012, the Group completed the Restructuring Agreement pursuant to which Sunlink Technologies Holdings Limited (the former immediate subsidiary of the Company) together with its subsidiaries and associate were transferred out of the Group to the nominee of the administrators of the Scheme of Arrangement.

	2012
	HK$'000
Net liabilities at the date of deconsolidation were as follows:	
Accruals, other payables and deposits received	(2,330)
Current tax liabilities	(1,528)
Due to deconsolidated subsidiaries	(26,731)
	(30,589)
Gain on group reorganisation	30,589
Total consideration satisfied by cash	–
Net cash effect arising on group reorganisation	–

As a result of the group reorganisation, the special reserve included in the consolidated statement of changes in equity of approximately HK$64,907,000 was transferred to the accumulated losses of the Company during the year ended 31 December 2012.

9. Income tax (credit)/expense

	2013	2012
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**112**	891
Under/(over)-provision in prior years	**4**	(169)
	116	722
Current tax – Corporate Income Tax in the PRC		
Under-provision in prior year	**–**	271
Deferred tax	**(122)**	(85)
	(6)	908

Hong Kong Profits Tax has been provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year ended 31 December 2013.

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

10. (Loss)/profit for the year

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

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**535**	488
Staff costs including directors' remuneration		
Salaries, bonus and allowances	**9,520**	8,761
Retirement benefits scheme contributions	**390**	465
	9,910	9,226
Cost of inventories sold	**222,404**	307,924
Depreciation	**919**	677
Impairment loss on a trade receivable *(note 13)*	**1,328**	–
Write down of inventories	**3,356**	–
Operating lease charges on land and buildings	**2,240**	2,346

Cost of inventories sold included staff costs, depreciation and operating lease charges totalling approximately HK$6,219,000 (2012: HK$6,118,000) which are included in the amounts disclosed separately above.

11. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

12. Earnings per share

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

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of calculating basic earnings per share	**353**	263,149
Finance costs saving on conversion of creditors convertible bonds outstanding	**430**	578
Deferred tax relating to creditors convertible bonds	**(122)**	(85)
Earnings for the purpose of calculating diluted earnings per share	**661**	263,642

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,072,102**	930,287
Effect of dilutive potential ordinary shares arising from creditors convertible bonds outstanding	**37,615**	34,098
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,109,717**	964,385

The weighted average number of ordinary shares for the year ended 31 December 2012 for the purpose of calculating the basic earnings per share had been adjusted to account for the effect of the share consolidation and open offer of the Company conducted during the year ended 31 December 2012.

The basic and diluted earnings per share for the year ended 31 December 2013 are the same as conversion of creditors convertible bonds would increase the earnings per share, therefore, anti-dilutive.

13. Trade and bill receivables

	2013	2012
	HK$'000	*HK$'000*
Trade and bills receivables	**37,810**	68,975
Less: Impairment loss recognised *(note 10)*	**(1,328)**	–
Exchange difference	**(7)**	–
	36,475	68,975

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

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

	2013	2012
	HK$'000	*HK$'000*
30 days or less	**20,822**	33,010
31 days to 60 days	**11,628**	10,662
61 days to 90 days	**1,577**	6,392
91 days to 120 days	**882**	1,598
Over 120 days	**1,566**	17,313
	36,475	68,975

The balance of trade and bill receivables included an amount of approximately HK$3,136,000 (2012: HK$873,000) in relation to bill receivables as at 31 December 2013.

As at 31 December 2013, trade and bill receivables of approximately HK$1,566,000 (2012: HK$17,313,000) were past due but not impaired. These related to a number of independent customers with no recent history of default. The aging analysis of these trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Over 120 days	**1,566**	17,313

14. Trade payables

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

	2013	2012
	HK$'000	*HK$'000*
30 days or less	**25,527**	9,675
31 days to 60 days	**3,137**	2,372
61 days to 90 days	**1,143**	916
91 days to 120 days	**731**	557
Over 120 days	**963**	1,162
	31,501	14,682

15. Financial guarantee liabilities

The Company provided corporate guarantees for all the bank loans and certain payables maintained by its former subsidiaries which were deconsolidated from the consolidated financial statements of the Group since 1 July 2008, details of the deconsolidation were disclosed in notes 2 and 10 to the consolidated financial statements of the Company for the year ended 31 December 2008. During the year ended 31 December 2013, there was no loss on financial guarantee liabilities charged to the consolidated profit or loss (2012: approximately HK$3,766,000). The Company was liable to financial guarantee liabilities of approximately HK$285,007,000 immediately before completion of the Scheme of Arrangement. These liabilities of the Company had been discharged under the Scheme of Arrangement of the Company which became effective on 23 February 2012.

16. Creditors convertible bonds

Upon the coming into effect of the Scheme of Arrangement on 23 February 2012, the creditors convertible bonds in the aggregate principal amount of HK$8,000,000, convertible into 40,000,000 ordinary shares of the Company at the initial conversion price of HK$0.20 per share, were issued by the Company to the nominee of the scheme administrators of the Scheme of Arrangement. The creditors convertible bonds would be matured on 23 February 2014 and were interest bearing at 1% per annum.

The effective interest rate used to estimate the liability component of the creditors convertible bonds is 10.12% per annum.

In March 2013, certain creditors convertible bond holders had exercised their conversion options and converted creditors convertible bonds in the aggregate principal amount of approximately HK$558,000 into approximately 2,790,000 ordinary shares of the Company, whereas in March and May 2013, certain creditors convertible bonds in the aggregate principal amount of approximately HK$4,164,000 were redeemed by the Company with the consideration paid being allocated to the liability and equity components of such creditors convertible bonds as to approximately HK$3,506,000 (excluding the gain on redemption of the creditors convertible bonds of approximately HK$349,000) and HK$658,000 (before net-off deferred tax liability of approximately HK$109,000) respectively by using the same method as adopted on initial recognition of such creditors convertible bonds. The amount of consideration allocated to the equity component of such creditors convertible bonds was recognised in equity. As at 31 December 2013, the aggregate principal amount of creditors convertible bonds outstanding was approximately HK$3,278,000.

Subsequent to the year end date, creditors convertible bonds in the aggregate principal amount of approximately HK$313,000 were converted into approximately 1,567,000 ordinary shares of the Company and creditors convertible bonds in the aggregate principal amount of approximately HK$2,965,000 were redeemed by the Company.

The nominal value of creditors convertible bonds issued have been split between the liability component and equity component as follows:

	HK$'000
Nominal value of creditors convertible bonds issued	8,000
Equity component	(1,264)
Liability component at date of issue	6,736
Interest charged for the year ended 31 December 2012 calculated at an effective interest rate of 10.12% per annum	578
Interest payable for the year ended 31 December 2012	(68)
Liability component at 31 December 2012 and 1 January 2013	7,246
Interest charged for the year ended 31 December 2013 calculated at an effective interest rate of 10.12% per annum *(note 7)*	430
Interest payable for the year ended 31 December 2013	(43)
Conversion of creditors convertible bonds	(513)
Redemption of creditors convertible bonds	(3,855)
Liability component at 31 December 2013	**3,265**

The carrying amount of the creditors convertible bonds approximates to their fair values. The fair values have been determined by using discounted cash flow method at the market interest rate (level 2 fair value measurement under HKFRS 13).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

OPERATIONS REVIEW

For the year ended 31 December 2013, the Group reported a turnover of HK$231,191,000, representing a 31% decline from last year (2012: HK$334,135,000), and gross profit of HK$8,356,000, showing a 66% drop from the prior year (2012: HK$24,250,000). The declines in the Group's turnover and gross profit were primarily attributable to the drop in revenue and profit generated from the sales of used semiconductor and computer motherboard products. In addition, the provision for slow-moving inventories of HK$3,154,000 recognised by the Group's 50.21% owned subsidiary in the PRC also led to the drop in the Group's gross profit.

For the year under review, the revenue of the Group's semiconductors and related products operation was HK$185,980,000, showing a 29% decrease from last year (2012: HK$263,661,000) and was mainly due to the drop in sales of used semiconductor products. The profit of the operation decreased by 72% to HK$3,523,000 (2012: HK$12,746,000) that mainly represented the combined effect of the squeeze in profit margin derived from the sales of standardised semiconductor products and the drop in revenue and hence profit generated from the sales of used semiconductor products. The Group principally performs a supply and procurement function of standardised semiconductors and related products for its customers mainly for applications in computer, consumer electronic and telecommunication products. In addition, the Group sells used transmission equipment containing recyclable semiconductor components. During the review year, primarily due to the continued slowdown of the Mainland economy that negatively affected the electronic industry in general, the price and profit margin of electronic products have been going downtrend that reduced the profitability of the Group's semiconductor products operation.

The revenue of the development and provision of electronic turnkey device solutions operation decreased by 36% to HK$45,211,000 compared to last year (2012: HK$70,474,000), and with its segment results turned from profit of HK$2,827,000 in last year to loss of HK$3,827,000 in the current year. The rather disappointed results of the operation were mainly caused by the declines in revenue and profit derived from the operation's engineering and design services for netbook and notebook computer motherboards, and the provisions recognised for slow-moving inventories and a doubtful debt by the Group's subsidiary in the PRC. Customer orders for the Group's engineering and design services for netbook and notebook computers dropped significantly during the current year and was largely an indirect consequence of the increasing popularity of tablet computers, which rendered the demand for netbook and notebook computers diminished. Moreover, the provisions for slow-moving inventories and a doubtful debt amounting to HK$3,154,000 and HK$1,328,000 respectively recognised by the Group's 50.21% owned subsidiary, which is principally engaged in the manufacturing and sale of microcontrollers for home electrical appliances in the PRC, also led to the significant segment loss incurred by the operation in the current year. As part of the measures to counter the unsatisfactory performance of the operation's computer motherboard product line, the operation has commenced the engineering services for backlight circuitry of Liquid Crystal Display (LCD) panels during the current year. This new line of business represents an extension of the operation's engineering services for turnkey device solution products and a new revenue source to the operation.

The Group reported loss for the year of HK$1,414,000 in contrast to the profit of HK$262,800,000 in last year. An other comprehensive income of HK$1,000,000 (2012: other comprehensive expenses of HK$76,000) being exchange gain arising on translating foreign operations was recognised with the result that the Group recorded total comprehensive expenses for the year of HK$414,000 compared to total comprehensive income of HK$262,724,000 in the prior year. The profit attributable to owners of the Company was HK$353,000 for the year under review compared to HK$263,149,000 in last year; whereas basic earnings per share were HK0.03 cent compared to HK28.29 cents in the prior year. The decrease in profit attributable to owners of the Company was mainly the combined results of the absence of gains on debts discharged under the Scheme of Arrangement and group reorganisation amounting to HK$227,219,000 and HK$30,589,000 respectively as recorded in the previous year, the decreases in revenue and profit generated from the Group's used semiconductor and computer motherboard products resulting from the drop in demand from customers, and the recognition of provisions for slow-moving inventories and a doubtful debt totalling HK$4,684,000 in the current year. During the year, as part of the Group's treasury management measures, the Group had utilised part of its surplus funds on hand placing time deposits with banks and earned bank interest income of HK$486,000 (2012: HK$757,000), and where considered appropriate, made advances to third parties on short term basis and earned loan interest income of HK$3,307,000 (2012: HK$966,000). The Group's administrative expenses dropped by 36% to HK$8,755,000 (2012: HK$13,627,000) that was mainly due to the absence of restructuring costs of HK$4,926,000 recorded in last year. No further loss on financial guarantee liabilities was incurred by the Group during the current year as the Scheme of Arrangement with creditors of the Company became effective in February 2012.

PROSPECTS

The Group has been managing its businesses prudently in view of the slowdown of economic growth in the Mainland which has posed negative impact on the electronic industry in general. In fact, the business environment in which the Group is operating has become increasingly competitive and profit margin is getting slim. Looking ahead, the Group will continue its prudent approach in managing its existing businesses and will cautiously look for new business opportunities that can add significant value and bring long term prosperity to the Group.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2013 except for the following deviation with reason as explained:

Code Provision A.6.7

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

Deviation

Mr. Suen Cho Hung, Paul, a non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 10 June 2013 as he had other important business engagement.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the year ended 31 December 2013, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Sue Ka Lok
Chairman

Hong Kong, 26 March 2014

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Sue Ka Lok (Chairman) and Mr. Lai Ming Wai (Chief Executive Officer); one Non-executive Director, namely Mr. Suen Cho Hung, Paul; and three Independent Non-executive Directors, namely Mr. Sun Ka Ziang, Henry, Mr. Chiang Bun and Ms. Wong Wai Yin, Viola.

* *For identification purpose only*