THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Global Flex Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or to the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

Global Flex Holdings Limited
佳邦環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

(1) VERY SUBSTANTIAL DISPOSAL INVOLVING SALE OF EQUITY INTEREST AND ASSETS OF SUBSIDIARIES; (2) REFRESHMENT OF THE GENERAL SCHEME LIMIT UNDER THE SHARE OPTION SCHEME; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

A letter from the Board is set out on pages 7 to 26 of this circular. Notice convening the EGM to be held at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong and at 3:00 p.m. on Friday, 25 September 2009, are set out on pages EGM-1 to EGM-3 of this circular. Form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company in Hong Kong, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjourned thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned thereof should you so desire.

8 September 2009

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Accounts"	the unaudited balance sheet as at 31 May 2009 and unaudited profit and loss account for the period ended on that date of Jiamao and the notes and directors' reports relating to them
"Actual Maximum Liabilities"	the actual maximum liabilities owing to Jiamao Creditors to be determined by the Purchaser
"Administrators"	Jiangsu Suzhou Wuzhou Xinyou Lawyer's Office (江蘇蘇州五州信友律師事務所) and Ernst & Young Hau Ming Suzhou Branch (安永華明會計師事務所蘇州分所), the joint administrators appointed by the Court for the Restructuring
"Approved Orders"	the customer orders for RPCB accepted by GFT and approved by Hi-P Management for the purpose of the Term Sheet
"Asset Sale"	the disposal of the Assets pursuant to the Asset Sale Agreement
"Asset Sale Agreement"	a sale and purchase agreement entered into between Jiatong and the Purchaser on 30 July 2009 in connection with the Asset Sale
"Assets"	assets related to or used in connection with the Business including, *inter alia*, the business rights, know how, information, intellectual property, goodwill of the Business and all the plant, machinery and equipment
"Assumed Maximum Liabilities"	the assumed maximum liabilities of Jiamao not exceeding RMB76.4 million in aggregate as at the date of the Share Sale Agreement and on Completion
"Board"	the board of Directors
"Business"	the business of manufacturing, assembling and trading of FPCB and FRPCB at Jiatong Plant and SMT-related products at Yangshan Plant which is, on the date of the Asset Sale Agreement, carried on by Jiatong
"Cash Component"	the cash component of the consideration for the Share Sale under the Share Sale Agreement
"Company"	Global Flex Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange

"Completion"	completion of the Share Sale Agreement and the Asset Sale Agreement
"Consideration Shares"	such number of new ordinary shares in the capital of the Purchaser to be allotted and issued as fully paid to the Vendor as part of the consideration under the Share Sale Agreement
"Cooperation Agreement"	the cooperation agreement to be entered in accordance with the Term Sheet
"Corporate Guarantees"	the corporate guarantees given by Jiamao to each of the Key Lending Banks as security for loans extended by each of the Key Lending Banks to Jiatong
"Court"	the Wuzhong Court in Suzhou City, Jiangsu Province of the PRC (中國江蘇省蘇州市吳中區人民法院) or such other court(s) having competent jurisdiction
"Deposit"	the cash deposit of RMB10 million paid to the Vendor under the Share Sale Agreement upon the execution of the GFH Guarantee and the Personal Guarantee
"Directors"	the directors of the Company
"Disposal"	the Share Sale and the Asset Sale
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving by the Shareholders of (i) the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder; and (ii) the refreshment of the General Scheme Limit
"Entrusted Loan"	the entrusted loan to Jiamao in the sum of RMB146.4 million to be arranged by the Purchaser
"Equity Interest"	all the registered capital in Jiamao
"Financier"	a licensed commercial bank in the PRC
"FPCB"	flexible printed circuit boards
"FRPCB"	flexible-rigid printed circuit boards

"General Scheme Limit"	the limit imposed under the Share Option Scheme on the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Company's issued share capital as at the time dealings in the Shares first commence on the Stock Exchange, i.e. 10 October 2005, which may be refreshed pursuant to the Share Option Scheme
"GFH Guarantee"	the corporate guarantee executed on 30 July 2009 by the Company as guarantor in favour of the Purchaser to guarantee the payment obligations of the Vendor in respect of the refund of the Deposit under the Share Sale Agreement
"GFT"	Global Flex Trading Center Limited, a company incorporated in Samoa with limited liability and a direct wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries from time to time
"Hi-P International"	Hi-P International Limited, a company incorporated in Singapore with limited liability and whose shares are listed on the Singapore Exchange Securities Trading Limited
"Hi-P Management"	Hi-P Management Services Pte Ltd, a company incorporated in Singapore with limited liability and a subsidiary of Hi-P International
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Jiamao"	Global Flex (Suzhou) Plant II Co., Ltd. (蘇州佳茂科技有限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
"Jiamao Creditors"	all the creditors of Jiamao
"Jiatong"	Global Flex (Suzhou) Co., Ltd. (佳通科技(蘇州)有限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
"Jiatong Creditors"	all the creditors of Jiatong
"Jiatong Plant"	Jiatong's production plant situated at No. 24 Fengjin Road, Wuzhong Economic Development Zone, Suzhou City, Jiangsu Province, the PRC 215128

"Key Lending Banks"	Agricultural Bank of China, China Citic Bank and China Minsheng Bank Corporation, in their capacity as secured creditors in respect of loans granted to Jiatong
"Latest Practicable Date"	4 September 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Charles Wong"	Mr. Charles Wong Chau Chi, a shareholder and Chairman of the Company
"Personal Guarantee"	the personal guarantee executed on 30 July 2009 by Mr. Charles Wong as guarantor in favour of the Purchaser to guarantee the payment obligations of the Vendor in respect of the refund of the Deposit under the Share Sale Agreement
"Permitted Encumbrances"	all assets of Jiamao (including the Assets to be acquired under the Asset Sale Agreement) be mortgaged, charged and/or pledged to such group member of the Purchaser and/or the Financier before Completion as security for the Entrusted Loan
"PRC"	the People's Republic of China
"Properties" or "Property"	the buildings, land use rights, plant, water treatment facilities and related public utilities systems situated at No. 86, Liufeng Lu, Hedong Industrial Park, Guoxiang Jie Dao, Wuzhong District, Suzhou City, Jiangsu Province, the PRC 215124
"Property Mortgage"	the mortgages over the Properties given by Jiamao to each of the Key Lending Banks as security for loans extended by the corresponding Key Lending Banks to Jiatong
"Purchaser"	Hi-P Flex Pte Ltd., a company incorporated in Singapore with limited liability and a subsidiary of Hi-P International
"Purchaser Group"	the Purchaser and all its subsidiaries, all its holding companies and all other subsidiaries of each of its holding companies (other than Jiamao)
"Remaining Group"	the Group after Completion
"Restructuring"	the undertaking of a restructuring exercise by Jiatong for the purpose of dealing with and settling the indebtedness of Jiatong, as approved by the Court on 9 March 2009

"Restructuring Plan"	the restructuring proposal to be presented to the Jiatong Creditors with respect to the Assets for the purpose of settling all or part of the liabilities of Jiatong to the Jiatong Creditors
"RMB"	Renminbi, the lawful currency of the PRC
"RPCB"	rigid printed circuit boards
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Charge"	the share charge dated 30 July 2009 entered into between the Vendor and Hi-P International in respect of all the Consideration Shares pursuant to the Share Sale Agreement
"Share Option Scheme"	the share option scheme adopted by the Company on 5 July 2005
"Share Sale"	the sale of the Equity Interest by the Vendor to the Purchaser pursuant to the Share Sale Agreement
"Share Sale Agreement"	a sale and purchase agreement entered into among the Company, the Vendor, the Purchaser and Mr. Charles Wong on 30 July 2009 in connection with the Share Sale
"Shareholder(s)"	shareholder(s) of the Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shortfall Amount"	any shortfall of the Actual Maximum Liabilities to be determined by the Purchaser to exceed the Assumed Maximum Liabilities
"SMT"	surface mounting technology
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Term Sheet"	the term sheet entered into among the Company, GFT, the Vendor, Jiatong and Hi-P Management on 12 August 2009 which sets out the understanding in principle of the parties with regard to the proposed cooperation and to form the basis for the negotiation of the Cooperation Agreement

"Transaction Documents"	the Share Sale Agreement, the Asset Sale Agreement, the Share Charge, the GFH Guarantee, the Personal Guarantee and any other agreements executed or to be executed by the parties on the dates of the Share Sale Agreement and the Asset Sale Agreement or Completion
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	Global Technology International Ltd., a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
"Vendor Group"	the Vendor and all its subsidiaries, all its holding companies and all the other subsidiaries of each of its holding companies (other than Jiamao)
"Yangshan Plant"	the production plant situated at No. 96-4 Yingchun South Road, Wuzhong Economic Development Zone, Suzhou City, Jiangsu Province, the PRC
"%"	per cent.

For the purposes of this circular, unless otherwise specified, conversions of Renminbi to United States dollars are based on the approximate exchange rate of RMB1.00 to US$0.14636 and conversions of Hong Kong dollars to United States dollars are based on the approximate exchange rate of HK$1.00 to US$0.12903. These exchange rates are for illustrative purpose only and do not constitute a representation that any amount has been, could have been, or may be exchanged at this or at any other rate at all.

Global Flex Holdings Limited
佳邦環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 471)

Executive Director:
Mr. Wong Chau Chi

Non-executive Directors:
Mr. Chou Tsan Hsiung
Mr. Yang Yi
Dr. Li Jun

Independent non-executive Directors:
Mr. Wang Wei-Lin
Mr. Yu Kam Kee, Lawrence, BBS, MBE, JP

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal office in Hong Kong:
1701-1702, 17/F.
The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

8 September 2009

To the Shareholders

Dear Sirs or Madams,

**(1) VERY SUBSTANTIAL DISPOSAL
INVOLVING
SALE OF EQUITY INTEREST AND ASSETS OF SUBSIDIARIES;
(2) REFRESHMENT OF THE GENERAL SCHEME LIMIT UNDER THE
SHARE OPTION SCHEME;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of the Company dated 5 August 2009 in respect of a very substantial disposal transaction involving the Share Sale and the Asset Sale by the Group.

On 30 July 2009, the Company, the Vendor, the Purchaser and Mr. Charles Wong entered into the Share Sale Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Equity Interest at a consideration of RMB129.5 million, of which RMB103.6 million will be by way of cash and the balance of RMB25.9 million by way of the allotment of and issue of the Consideration Shares.

On 30 July 2009, Jiatong and the Purchaser entered into the Asset Sale Agreement, pursuant to which Jiatong agreed to sell and the Purchaser agreed to purchase the Assets at a consideration of RMB70 million.

The transactions contemplated under the Share Sale Agreement and the Asset Sale Agreement are aggregated as a single transaction as they are entered into by the Group with the same counter party pursuant to Rule 14.22 of the Listing Rules. As certain applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company under Rule 14.06 of the Listing Rules and is subject to approval by Shareholders pursuant to the Listing Rules.

The Company also proposes to seek the approval by Shareholders on the refreshment of the General Scheme Limit with a view to allowing the Company more flexibility to provide incentives or rewards to the eligible participants for their contribution to the Group.

The purpose of this circular is to provide the Shareholders with further information in relation to the Disposal and the refreshment of the General Scheme Limit.

This circular also contains the notice of the EGM to be held at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong on Friday, 25 September 2009 at 3:00 p.m. to consider and, if thought fit, approve the Disposal and the refreshment of the General Scheme Limit.

THE AGREEMENTS

The Share Sale Agreement dated 30 July 2009

Parties

(1) Purchaser

(2) Vendor

(3) Company

(4) Mr. Charles Wong, an executive Director

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners are third parties independent of the Group and any of the Group's connected persons. The Purchaser is an investment holding company. The holding company of the Purchaser is Hi-P International, an electronic manufacturing company whose shares are listed on the Singapore Exchange Securities Trading Limited.

Consideration for the Share Sale

Under the Share Sale Agreement, the Vendor shall sell and the Purchaser shall acquire the Equity Interest at a consideration of RMB129.5 million which is to be satisfied as follows:

(a) RMB103.6 million by way of cash; and

(b) RMB25.9 million by way of the allotment and issue of the Consideration Shares, equivalent to 20% of the enlarged issued share capital of the Purchaser as at Completion. Each of the Consideration Shares shall rank pari passu in all respects with the ordinary shares in the capital of the Purchaser in issue at as the date of its allotment.

Out of the Cash Component, RMB10 million has been paid as Deposit by the Purchaser to the Vendor upon the execution of the GFH Guarantee and Personal Guarantee on 30 July 2009. The balance of the Cash Component of RMB93.6 million shall be paid on Completion as follows:

(a) RMB70.0 million to the Key Lending Banks, or their duly authorized agent, towards the discharge of the Corporate Guarantees and the Property Mortgage and all other liabilities owing by Jiamao to the Key Lending Banks; and

(b) RMB23.6 million or such other amount after any deduction of the Shortfall Amount if the Actual Maximum Liabilities are determined prior to Completion, to the Vendor.

If the Actual Maximum Liabilities which are determined by the Purchaser after the Completion exceed the Assumed Maximum Liabilities, the Vendor shall forthwith pay to the Purchaser the difference between the Actual Maximum Liabilities and the Assumed Maximum Liabilities.

The property, plant and machinery of Jiamao shall have a minimum net book value of RMB182.75 million as at the date of Completion as adjusted for the amortization of certain land use rights and depreciation of certain property, plant and equipment at such amounts as agreed between the Vendor and the Purchaser.

The consideration for the Share Sale shall be reduced by an amount equivalent to any shortfall below RMB182.75 million if the net book value of the property, plant and equipment of Jiamao as at the date of Completion is below RMB182.75 million, as determined by the Purchaser within one month from Completion applying and adopting accounting policies and principles consistent with those employed in preparing the unaudited Accounts of Jiamao as at 31 May 2009. If as a result of such an adjustment the amount of the consideration for the Sale Share is reduced, the Vendor shall make payment to the Purchaser a sum equal to that reduction together with interest on that reduced sum calculated on a daily basis at the rate of 1% per annum from (and including) Completion to (but excluding) the date of actual and full payment.

It is agreed under the Share Sale Agreement that the Vendor shall procure that the management accounts of Jiamao as at 30 September 2009 be adjusted in the following manner:

(a) all pre-operating expenses as at 30 September 2009, amounting to approximately RMB21.65 million or such other amount as determined by the Purchaser shall be fully written off; and

(b) all debts and amounts owing by Jiatong as at 30 September 2009, amounting to approximately RMB87.23 million or such other amount as determined by the Purchaser shall be fully written off.

The consideration for the Share Sale was determined after arm's length negotiations between the Vendor and the Purchaser on the basis that the net book value of Jiamao, after adjusted for (i) the amortization of certain land use rights and depreciation of certain property, plant and equipment; (ii) written off all pre-operating expenses and all debts and amounts owing by Jiatong; and (iii) unrecorded liabilities of approximately RMB10.97 million according to contracts and court orders, expected to amount to approximately RMB106.37 million. Accordingly, the excess of the consideration for the Share Sale over the adjusted net book value of Jiamao amounts to approximately RMB23.13 million.

Loans and guarantees

Under the Share Sale Agreement, the Vendor shall procure that on Completion, all indebtedness owing immediately before Completion from any member of the Vendor Group to Jiamao (if any) is or will be waived in full.

If it is established at any time after Completion that any indebtedness of any kind was owing on Completion by Jiamao to any member of the Vendor Group, then the Vendor shall procure that the relevant member to which that indebtedness is owing shall waive that indebtedness.

The Vendor shall procure that on Completion, Jiamao is released from all guarantees and indemnities given by Jiamao (if any) in respect of any liability or obligation of the Vendor or any other member of the Vendor Group or any third party.

Settlement of the liabilities of Jiamao

Under the Share Sale Agreement, the Vendor undertakes and with the Purchaser to negotiate with the Key Lending Banks and the Jiamao Creditors to settle all of the outstanding liabilities of Jiamao and to procure that on Completion:

(a) the Key Lending Banks shall agree to fully discharge and release the Corporate Guarantees and the Property Mortgage and release Jiamao from all liabilities thereunder upon receipt of all consideration for the Share Sale by the Vendor;

(b) the Jiamao Creditors shall agree to a deferment of the payment of all liabilities outstanding and owing by Jiamao to them to a date not earlier than 30 days after Completion and during this period, not to possess or take action against any assets of Jiamao, including the Properties.

Other principal provisions of the Share Sale Agreement

(a) *Funding*

Subject to Completion, the Purchaser shall obtain funding to Jiamao from a member of the Purchaser Group through the Financier or in such other manner as the Purchaser may deem fit. The Purchaser shall procure the Financier to agree to provide the Entrusted Loan of RMB146.4 million to

Jiamao on terms acceptable to the Purchaser. The Entrusted Loan shall be applied as to (i) an amount not exceeding RMB76.4 million for full settlement of all the amounts owing to the Jiamao Creditors on Completion, and (ii) the balance of RMB70 million as consideration for the Asset Sale. Where required, the Vendor shall procure the Permitted Encumbrances.

(b) *Share Charge*

As security against payment and performance by the Vendor, when due, of all amounts and obligations under the Share Sale Agreement and the other Transaction Documents, which include the refund of the Deposit and the obligation for the repayment of shortfall of the consideration for the Sale Share by the Vendor as disclosed above, the Vendor executed the Share Charge on 30 July 2009 in respect of all Consideration Shares in favour of Hi-P International or its nominee.

Upon the expiry of three years from Completion, and provided there has been no breach by the Vendor of any of its payment and other obligations under the Share Sale Agreement which has not been cured or settled to the satisfaction of the Purchaser, the Purchaser shall upon receiving the Vendor's reasonable request in writing, do all acts and execute all documents necessary to discharge the Share Charge at the cost and expense of the Vendor.

(c) *Guarantees*

Mr. Charles Wong executed the Personal Guarantee and the Company executed the GFH Guarantee on 30 July 2009 in favour of the Purchaser to guarantee the payment obligations of the Vendor in respect of the refund of the Deposit under the Share Sale Agreement. The GFH Guarantee shall expire two years from the date of Completion.

The Asset Sale Agreement dated 30 July 2009

Parties

(1) Purchaser

(2) Jiatong

Consideration for the Asset Sale

Under the Asset Sale Agreement, Jiatong shall sell and the Purchaser shall purchase the Assets at a consideration of RMB70 million. The consideration for the Asset Sale shall be disbursed by the Financier from the Entrusted Loan and paid in the manner as directed by the Administrators in accordance with the Restructuring Plan as approved by the Court.

In the event that any of the plant, machinery and equipment of Jiatong to be sold under the Asset Sale Agreement shall not be delivered on Completion, the Purchaser shall have the right on

Completion, to reduce the consideration for the Asset Sale by an amount equivalent to (i) 100% of the net book value and/or (ii) 50% of the market price being reasonably determined by the Purchaser in respect of the undelivered item(s) pursuant to the Asset Sale Agreement or elect not to complete the Asset Sale pursuant to the Assets Sale Agreement.

The consideration and terms for the Asset Sale have been arrived at after extensive negotiations amongst the Company, Jiatong, the Vendor, Hi-P International, the Purchaser, the Jaimao Creditors, the Jiatong Creditors and the Key Lending Banks under the auspices of the Administrators.

Conditions precedent to the Share Sale Agreement and the Asset Sale Agreement

The sale and purchaser of the Equity Interest and the Asset are conditional on, *inter alia*, the followings:

(a) the Purchaser giving notice to the Vendor and Jiatong not later than 30 August 2009 that it is satisfied with its due diligence investigations of Jiamao, Jiatong and the Assets;

(b) the approval of the board of directors of Hi-P International to implement and effect the purchase of the Equity Interest, the Assets and all the transactions contemplated by the Share Sale Agreement, the Asset Sale Agreement and the other Transaction Documents;

(c) where required by applicable law, including the rules of the Singapore Exchange Securities Trading Limited, the passing at a duly convened extraordinary general meeting of Hi-P International of such resolutions as may be necessary or incidental to approve, implement and effect the purchase of the Equity Interest, the Assets and all transactions contemplated by the Share Sale Agreement, the Asset Sale Agreement and the other Transaction Documents;

(d) the passing of the relevant resolutions at the EGM by the Shareholders to approve, implement and effect the sale of the Equity Interest, the Assets and all transactions contemplated by the Share Sale Agreement, the Asset Sale Agreement and the other Transaction Documents;

(e) certified true copies of the duly executed settlement or debt restructuring agreements, as approved by the Court where required, between Jiamao and each of the Key Lending Banks and Jiamao Creditors with regard to the discharge of the liabilities of Jiamao to such banks and creditors remaining in full force and effect as at Completion and not having been varied or amended or terminated except with the prior written consent of the Purchaser;

(f) the approval of the Restructuring Plan by the Court;

(g) the approval of competent PRC authorities, including but not limited to the Ministry of Commerce (or its local branch), having been obtained for the sale of the Equity Interest by the Vendor to the Purchaser in accordance with the terms of the Share Sale Agreement;

(h) the approval of the relevant PRC authority having been obtained by the Vendor for an extension of time until at least 31 December 2009, for the Purchaser to make payment of the registered capital of Jiamao;

(i) the written approval of the Financier to provide the Entrusted Loan to Jiamao on terms and subject to the conditions reasonably acceptable by the Purchaser;

(j) evidence of the registration of the Permitted Encumbrances;

(k) all other approvals, consents, licenses, permits, waivers and exemptions necessary to complete and effect the transactions contemplated in the Share Sale Agreement and the Asset Sale Agreement having been granted to the Vendor, Jiatong, the Company, Jiamao, the Purchaser and Hi-P International (as the case may be) by all relevant third parties and all governmental bodies (whether in the PRC, Hong Kong, Singapore or elsewhere);

(l) where the terms of any contract entered into by Jiamao contain any restrictions or prohibition on the change in control of the shareholdings and/or the board of directors of Jiamao or include any right to terminate exercisable prior to or as a result of any matter contemplated by the Share Sale Agreement, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties thereto, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the Share Sale Agreement or of any such right to terminate;

(m) where the terms of any contract entered into by Jiatong contain any restrictions or prohibition on the transfer of the Business or any or all of the Assets, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties thereto, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the Share Sale Agreement or of any such right to terminate;

(n) all the conditions precedents in relation to the Share Sale and the Asset Sale being satisfied, or where applicable, waived in accordance with the terms in the Share Sale Agreement and the Asset Sale Agreement respectively;

(o) no governmental or court act, decree or order is made which may materially hinder the Completion, or performance by the parties of their obligations under the Share Sale Agreement and the Asset Sale Agreement.

The Purchaser may at any time waive in whole or in part and conditionally or unconditionally the conditions set out in (a), (e), (i), (j), (l), (m) and (n) above. If all the conditions are not satisfied or waived in accordance with the Share Sale Agreement and the Asset Sale Agreement on or before 30 September 2009:

(a) the Share Sale Agreement and the Asset Sale Agreement shall lapse and cease to have effect with rights reserved to the parties thereto in accordance with the terms of the Share Sale Agreement and the Asset Sale Agreement; and

(b) the Deposit shall be forthwith refunded by the Vendor to the Purchaser.

Completion of the Share Sale Agreement and the Asset Sale Agreement

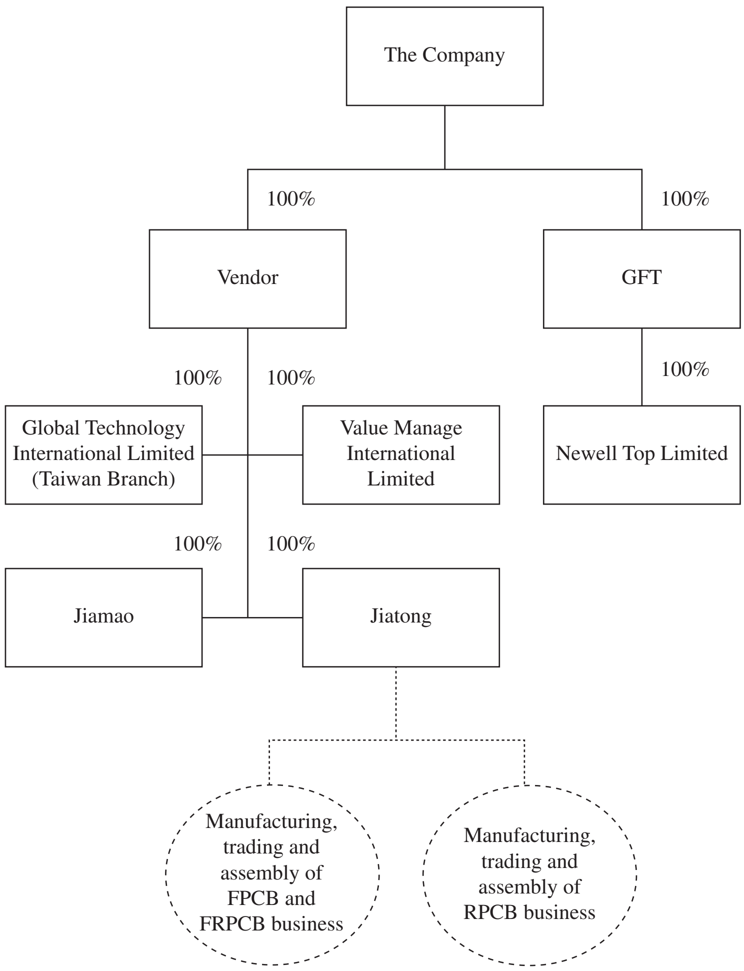
The Purchaser shall not be obliged to complete the purchase of any of the Equity Interest or the Assets unless the Share Sale Agreement and the Asset Sale Agreement are completed simultaneously.

Completion shall take place at 12:00 p.m. on the fourteenth business day after the date on which the last of the conditions precedent to the Share Sale Agreement and the Asset Sale Agreement to be satisfied or waived or such other date as may be agreed by the relevant parties.

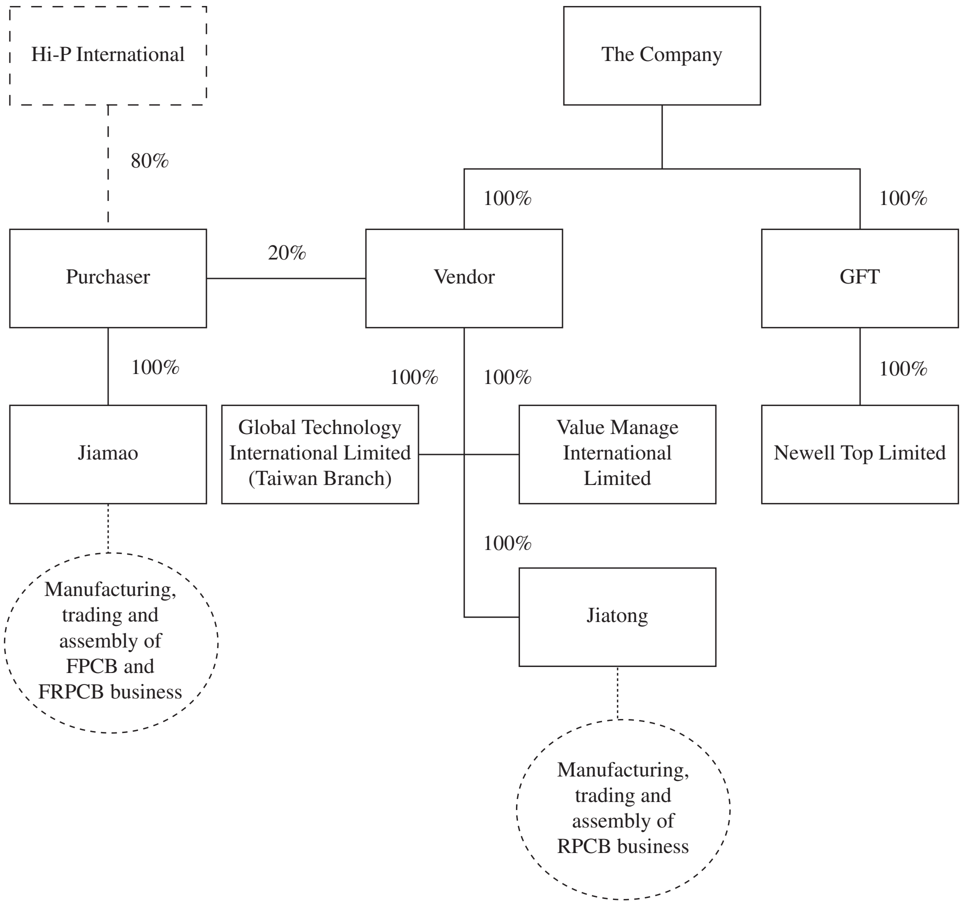
GROUP STRUCTURE

The following diagrams show the group structure prior to and upon Completion:

Group structure prior to Completion



Group structure upon Completion



INFORMATION OF THE PURCHASER

The Purchaser was newly incorporated in Singapore with limited liability for the purpose of the Disposal. The principal activity of the Purchaser is investment holding. The holding company of the Purchaser is Hi-P International, a major consumer electronic manufacturer based in Singapore with substantial presence in the PRC and around the world.

As at the Latest Practicable Date, the Purchaser did not have any asset, liability and profit or loss of any materiality. Upon Completion, the Purchaser will own the entire equity interest of Jiamao.

INFORMATION ON THE GROUP, JIAMAO AND JIATONG

The Group

The Company is primarily engaged in investment holdings whilst its subsidiaries are mainly engaged in the manufacturing, trading and assembly of printed circuit boards. Jiamao and Jiatong are indirect wholly owned subsidiaries of the Company.

Jiamao and Jiatong

Jiamao is a wholly-foreign owned enterprise established under the PRC law with a registered capital of US$40 million (equivalent to approximately RMB320.5 million by conversion of RMB1.00 to US$0.1248), out of which US$29.6 million (equivalent to approximately RMB237.2 million by conversion of RMB1.00 to US$0.1248) has been paid up as at the Latest Practicable Date. Jiamao is principally engaged in property holding and it owns the Properties. The Properties are intended to be used for the manufacturing activities of Jiamao. As at the Latest Practicable Date, Jiamao has not commenced any business activities, save for certain production trial run.

Jiatong is a major operating subsidiary of the Company and a wholly-foreign owned enterprise established under the PRC law. Jiatong is principally engaged in the manufacturing and trading of both FPCB and RPCB.

Pursuant to the Share Sale Agreement and the Asset Sale Agreement, the majority assets and liabilities attributable to the Business, comprising the Equity Interest and the Assets, will be disposed to the Purchaser at the aggregate consideration of approximately RMB199.5 million (equivalent to approximately US$29.2 million). As at 30 June 2009, the net asset value of Jiamao and the net book value of the Assets were approximately US$18.6 million and US$24.5 million respectively.

The table below sets out certain financial information of the entire Business prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the six months ended 30 June 2009	**As at 31 December 2008**	**2007**
	US$'000	*US$'000*	*US$'000*
Turnover	3,277	81,390	168,123
Net (loss)/profit before taxation	(7,463)	(18,755)	4,797
Net (loss)/profit after taxation *(Note)*	(7,463)	(18,648)	4,211

Note: Net (loss)/profit after taxation of the Business is calculated on the basis of the net (loss)/profit before taxation deducted by the tax expenses incurred by Jiamao and the tax expenses allocated to the Assets based on the segment results of the Jiatong.

	As at 30 June 2009	As at 31 December 2008	2007
	US$'000	US$'000	US$'000
Total assets	58,502	85,727	125,290
Total liabilities	36,330	41,249	52,546

After the Disposal, certain assets and liabilities attributable to the Business as at 30 June 2009 will be retained by the Remaining Group. The retained assets comprise prepaid lease payment: US$592,820, inventories: US$237,748, trade and other receivables: US$4,392,427. The retained liabilities comprise trade and other payable of US$26,157,096. The prepared lease payment and inventories retained will be used in the Remaining Group's RPCB business. The Company will initiate action to recover the trade and other receivables, and the trade and payable will be repaid in accordance with the Restructuring Plan.

Jiatong has been undergoing the Restructuring for the past six months and the Administrators have been appointed by the Court for the Restructuring. During such period, Jiatong has massively cut costs, reduced debts, streamlined operations, sought new investment opportunities and finally entered into a definitive agreement with the Purchaser for the Assets Sale. The Asset Sale Agreement, if proceeded with completion, will substantially alleviate the Group's financial burden and revitalize its operations, a major step towards making the Restructuring successful.

On 18 August 2009, Jiatong has submitted a final Restructuring Plan to the Court in relation to the Restructuring. Under the Restructuring Plan, Jiatong will:

(i) repay a significant portion of its debts due to Jiatong Creditors;

(ii) seek waiver on a significant portion of the remaining debts with the unsecured creditors of Jiatong;

(iii) defer repayment of all remaining debts to three years after the date of approval of the Restructuring Plan by Jiatong Creditors;

(iv) negotiate a five years term loans with Agricultural Bank of China, China Citic Bank, China Minsheng Bank Corporation and China Construction Bank with repayment of the principal sum on the first day of the sixth year after the date of approval of the Restructuring Plan by Jiatong Creditors and the banks will maintain the original pledges of assets plus other assets of Jiatong not previously pledged; and

(v) resume normal business operations as a RPCB producer in cooperation with the Purchaser.

The Restructuring Plan will be subject to, among other things, approval by the Jiatong Creditors in a creditors' meeting, which is to be held on 8 September 2009. Upon such approval being obtained, Jiatong, through its Administrators, shall apply to the Court for approval of the Restructuring Plan, resulting in all Jiatong Creditors as at 9 March 2009, i.e. the commencement date of the Restructuring, being bound. Pursuant to the Asset Sale Agreement, such approval shall have to be obtained on or before 30 September 2009 or such other date as may be agreed by the Purchaser. If the Restructuring Plan is approved, Jiatong will emerge out of the Restructuring as a normal operating entity with a healthier financial position and operation. Jiatong will also give room and resources for the Group to develop new businesses.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board is of the view that the Disposal will effectively allow the Company to relieve itself from burdens of maintaining a massive manufacturing base that has contributed significant losses to the Group in previous years. The Disposal will also provide cash proceeds for the Group to reduce its liabilities.

As part of the Restructuring, the Asset Sale Agreement is entered with a view to the Purchaser carrying on, by itself, through Jiamao or any other entity as the Purchaser may deem fit, the Business through Jiamao as a going concern in succession to the Vendor. It is the intention of the Purchaser to direct the transfer of the Assets to Jiamao on Completion. Upon Completion, Jiamao will cease to be a subsidiary of the Company and the Company will retain an indirect interest of 20% in the equity of Jiamao through its holding of the Consideration Shares in the Purchaser.

Following the Completion, the Group will become a 20% minority shareholder of the Purchaser and continue to engage in RPCB business. The Company will collaborate with the Purchaser to build a vertically integrated production platform for new generation mobile electronics and multimedia solutions, which would mark an important step for the Company's transformation and new business repositioning. In addition, the Company expects to explore new business such as 3G and mobile TV and multimedia and is exploring opportunities in acquiring assets to strategically create a business investment platform, which will help the Company to continue to thrive and maximize value for the Shareholders in the long run.

USE OF PROCEEDS

The aggregate consideration for the Disposal is RMB199.5 million, of which RMB173.6 million will be settled in cash and RMB25.9 million will be settled by way of the allotment and issue of the Consideration Shares. It is intended that the cash proceeds from the Share Sale and the Asset Sale of RMB173.6 million will be used in the following manner:

(a) approximately RMB70 million to repay the Key Lending Banks, or their duly authorized agent towards the discharge of the Corporate Guarantees and the Property Mortgage and all other liabilities owing by Jiamao to the Key Lending Banks;

(b) approximately RMB70 million to repay Jiatong Creditors in the manner as directed by the Administrators in accordance with the Restructuring Plan as approved by the Court; and

(c) the balance of approximately RMB33.6 million, of which the Deposit of RMB10 million has been received, will be retained as general working capital of the Remaining Group.

The Board considers the sale proceeds of the Share Sale and the Asset Sale will reduce the level of debts at the subsidiary level as well as that of the Group on consolidation.

The Board considers that the terms of the Share Sale Agreement and the Asset Sale Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

POTENTIAL FINANCIAL EFFECTS OF THE DISPOSAL AND THE RESTRUCTURING PLAN OF JIATONG

Pursuant to the Share Sale Agreement and the Asset Sale Agreement, the Company will sell to the Purchaser (i) the Equity Interest and (ii) the Assets. Upon Completion, Jiamao will cease to be a subsidiary of the Company, therefore its assets, liabilities and financial results will be deconsolidated from the Group's financial statements. The Group will focus on manufacturing, assembling and trading of RPCB business and strategic investments after Completion. Jiatong, the operating subsidiary of the Company, is currently undergoing the Restructuring. The Restructuring Plan will be subject to the approval by Jiatong Creditors and the Court. The potential financial effects arising from the Disposal and the Restructuring Plan on the Group's net assets, net current assets/(liabilities), gearing and results are set out below:-

	As at 30 June 2009		
	Actual, audited	**As if the Disposal and the Restructuring had taken place on 30 June 2009**	**Improvement**
Net assets	US$12.7 million	US$14.1 million*	US$1.4 million
Net current (liabilities)/ assets	US$(80.5) million	US$6.7 million*	US$87.2 million
Gearing	0.88 time	0.76 time*	0.12 time

	For the year ended 31 December 2008		
	Actual, audited	**As if the Disposal and the Restructuring had taken place on 1 January 2008**	**Improvement**
Loss for the year	US$75.1 million	US$64.5 million*	US$10.6 million

* *Pro forma figures are extracted from or prepared based on the financial information set out in Appendix II "Unaudited Pro Forma Financial Statements of the Remaining Group"*

Net assets

Pursuant to the above table, the net worth of the Remaining Group would be increased from approximately US$12.7 million to approximately US$14.1 million, as if the completion of the Disposal and the Restructuring Plan had taken place on 30 June 2009. The increase in the net asset value of the Group by approximately US$1.4 million will mainly be attributable to the net effect of:

(i) the one-off gain of approximately US$15.6 million arising from 50% hair cut of the debt owing by Jiatong to its unsecured creditors under the Restructuring Plan; and

(ii) the one-off loss of approximately US$14.1 million arising from the Disposal, which is calculated on the basis of the aggregated net proceeds of approximately US$29.2 million from the Disposal, compared with the net asset value of Jiamao amounting to approximately US$18.6 million, the net book value of the Assets amounting to approximately US$24.5 million as at 30 June 2009 and the related value-added-tax for disposal of the Assets amounting to approximately US$0.2 million.

Net current (liabilities)/assets

As at 30 June 2009, the Group had a net current liabilities of approximately US$80.5 million. As illustrated in the above table, the Group's financial position would have been improved to a net current assets position of approximately US$6.7 million, if the completion of the Disposal and the Restructuring Plan had taken place on 30 June 2009. The significant improvement in the Group's current assets will mainly be attributable to:-

(i) the sale proceeds of approximately US$29.2 million from the Disposal, a significant portion of which will be used to settle the Group's short term liabilities;

(ii) 50% hair cut of the short term debt for approximately US$15.6 million owing by Jiatong to its unsecured creditors; and

(iii) deferment of the repayment of short term debts of approximately US$36.3 million to three years after the date of approval of the Restructuring Plan by the Jiatong Creditors.

Gearing

As at 30 June 2009, the amounts of total assets and total liabilities of the Group were approximately US$103 million and US$90.3 million respectively, and the Group's gearing ratio (total liabilities divided by total assets) was approximately 0.88 time. As a result of the proposed transactions, the Group's gearing ratio would be reduced to a more reasonable level of approximately 0.76 time. The significant improvement in the Group's gearing ratio will mainly be attributable to the combined effect of:

(i) the decrease in the Group's total assets from approximately US$103 million to approximately US$58.5 million, which will mainly be attributable to the deconsolidation of Jiamao's assets and all the assets related to or used in connection with the Group's business of manufacturing, assembling and trading of FPCB and FRPCB through the Disposal; and

(ii) the decrease in the Group's total liabilities from approximately US$90.3 million to approximately US$44.4 million, which will mainly be attributable to (a) the settlement of the Group's liabilities by applying part of the sale proceeds from the Disposal, and (b) 50% hair cut of the debt for approximately US$15.6 million owing by Jiatong to its unsecured creditors.

Results

The Group recorded a net loss of approximately US$75.1 million for the year ended 31 December 2008. As illustrated in the above table, the Group's net loss would be narrowed to approximately US$64.5 million, if the completion of the Disposal and the Restructuring Plan had been completed during the year ended 31 December 2008. The improvement in the Group's financial results will mainly be attributable to (i) the deconsolidation of the continuing loss-making FPCB and FRPCB business and (ii) an one-off gain of approximately US$15.6 million arising from the 50% hair cut of the short term debts owed by Jiatong to its unsecured creditors.

ADDRESSING THE CONCERNS RAISED BY THE COMPANY'S AUDITORS THROUGH QUALIFICATIONS IN THE ACCOUNTANTS' REPORT

The audit qualifications on the financial information for the year ended 31 December 2008 and the six months ended 30 June 2009 reflect (i) impairment of property, plant and equipment, (ii) fair value on the convertible loan notes and (iii) adoption of going concern basis to prepare the Group's financial statements. The actions being taken by the Company to address the concerns raised by the auditors are listed below:

(i) **Impairment of property, plant and equipment**

For the year ended 31 December 2008 and the six months ended 30 June 2009, the Group incurred a net loss of approximately US$29.6 million and US$17.4 million respectively. During the period, certain production activities of the Group were suspended. The Company's auditors are of the view that suspension of the certain production activities together with the significant loss incurred during the year and the six months period constituted an indicator of impairment of the property, plant and equipment. During the audit, the auditors were unable to perform satisfactory audit procedures to satisfy themselves that the recoverable amounts of the property, plant and equipment exceeded their carrying amounts as at 31 December 2008 and 30 June 2009. As a result, the carrying amounts of the property, plant and equipment were qualified.

The Board is of the view that the property, plant and equipment are the operating assets of the Group, the recoverable amounts of which can be estimated more accurately after reactivating the suspended operation. The Board will be prepared to estimate the recoverable amounts of the property, plant and equipment retained by the Remaining Group as required under paragraph 9 of Hong Kong Accounting Standards 36 — Impairment of Assets in the course of the audit for the year ending 31 December 2009. If the recoverable amounts of the property, plant and equipment as at 31 December 2009 are less than their carrying amounts, an impairment loss will be recognized in the Group's financial statements for the year ending 31 December 2009.

(ii) **Fair value on the convertible loan notes**

During the audit for the year ended 31 December 2008 and the six months end 30 June 2009, the Company's auditors were unable to obtain sufficient evidence to satisfy themselves as to whether the valuation methodology and the assumptions adopted by the Directors in these valuation of the liability component of convertible loan notes and conversion option derivative were appropriate, therefore, the auditors disclaimed their opinion on the fair value of the convertible loan notes.

The Board will take following steps to address the issue regarding the fair value on the convertible loan notes in the course of the audit for the year ending 31 December 2009:

i) measuring the conversion option derivative at fair value on initial recognition and each subsequent reporting date in accordance with Hong Kong Accounting Standards 39 – Financial Instruments: Recognition and Measurement;

ii) determining the initial carrying amount of liability component of the convertible loan notes by using the prevailing market interest of similar non-convertible debts in accordance with Hong Kong Accounting Standards 32 – Financial Instruments: Presentation;

iii) reflecting the financial effect of the above assessment in the Group's financial statements for the year ending 31 December 2009.

(iii) **Going concern**

The audit qualification on the Group's financial information for the year ended 31 December 2008 and the six months period 30 June 2009 in respect of adoption of going concern basis to prepare the financial information was mainly attributable to the net current liability position of the Group.

The Board has been taking steps to improve the liquidity of the Group. These steps included (i) seeking the approval from the Court on the Restructuring Plan, (ii) reducing manpower and production costs and (iii) discontinuing certain unprofitable business.

As illustrated in the section head "Potential Financial Effects of the Disposal and the Restructuring Plan of Jiatong", the Board expects that the financial position of the Group would be significantly improved, for example, from a net current liability of approximately US$80.5 million to a net current asset of approximately US$6.7 million, if the completion of the Disposal and the Restructuring Plan had taken place on 30 June 2009.

The Board believes that the auditors' disclaimer opinion in relation to the adoption of going concern basis to prepare the Group's financial information will be removed, once the liquidity of the Group is improved after completion of the Disposal and the Restructuring.

REMAINING BUSINESS OF THE GROUP

The Group's business is mainly divided into four segments: (i) manufacture and trading of FPCB (including FRPCB); (ii) manufacture and trading of RPCB; (iii) assembly of FPCB; and (iv) assembly of RPCB. After Completion and completion of the Restructuring, the Group will continue to engage in the manufacture and trading of RPCB and assembly of RPCB (i.e. business segments (ii) and (iv) above) and discontinue the manufacturing and trading of FPCB and assembly of FPCB (i.e. business segments (i) and (iii) above). The Company will become a minority shareholder of the Purchaser, and will indirectly own 20% equity interest in Jiamao. The Board believes that by investing in the Purchaser, the Group can leverage from the strategic relationship with Hi-P International, an electronic manufacturing company in the development of the business of mobile electronic and multimedia solutions.

On 12 August 2009, the Term Sheet was entered into among the Company, GFT, the Vendor, Jiatong and Hi-P Management, which set out the understanding in principle of the parties with regard to the proposed cooperation. GFT is engaged in the business of trading printed circuit boards, including accepting customers' orders for RPCB for and on behalf of Jiatong. The Company expects Hi-P Management is willing to provide the necessary financial resources of up to RMB45 million to GFT for Jiatong to produce RPCB on the terms of a definite cooperation agreement to be agreed by the relevant parties. The tenure of cooperation shall be one year, with all the resources to be supplied by Hi-P Management to GFT and/or Jiatong to be used for the purpose of completing the Approved Orders. Hi-P Management shall receive an amount equivalent to 5% of the contract value of the Approved Orders as fixed commission. Pursuant to the Term Sheet, GFT agrees to assign all the receivables under the Approved Orders to Hi-P Management. The Company shall unconditionally and irrevocably guarantee the full and punctual performance of all obligations of GFT during the terms of the Cooperation Agreement. As additional security, GFT and the Company shall procure the Vendor to pledge all the Consideration Shares in favour of Hi-P International to secure the full and punctual performance of all the obligations of GFT and the Company under or arising out of the Cooperation Agreement. The Company will make appropriate announcement(s) as and when required in accordance with the Listing Rules (where applicable) when the Cooperation Agreement is signed. The Board believes the Cooperation Agreement will enable Jiatong to resume normal business operations as a RPCB producer.

LISTING RULES IMPLICATION

The transactions contemplated under the Share Sale Agreement and the Asset Sale Agreement are aggregated as a single transaction pursuant to Rule 14.22 of the Listing Rules as they are entered into by the Group with the same counter party. As certain applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal are more than 75%, the Disposal constitutes a very substantial disposal of the Company under Rule 14.06 of the Listing Rules and is subject to approval by Shareholders pursuant to the Listing Rules.

REFRESHMENT OF THE GENERAL SCHEME LIMIT

The Share Option Scheme was adopted to enable the Group to grant options to eligible participants as incentives or rewards for their contribution to the Group.

Under the rules of the Share Option Scheme:

(i) the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group is subject to the General Scheme Limit; and

(ii) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the Shares in issue from time to time ("30% Overall Limit").

The Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted.

Apart from the Share Option Scheme and the options granted under the Share Option Scheme, the Group has no other share option scheme or any outstanding options to subscribe for Shares.

The existing General Scheme Limit is 125,000,000 Shares, being 10% of the Shares in issue as at the date on which dealing in the Shares first commences on the Stock Exchange, i.e. 10 October 2005. As at the Latest Practicable Date, options carrying the rights to subscribe for a total of 92,000,000 Shares have been granted under the Share Option Scheme, out of which options carrying the rights to subscribe for a total of 22,833,333 Shares have lapsed and no option has been exercised.

Unless the General Scheme Limit is refreshed, only 55,833,333 Shares may be issued pursuant to the grant of further options under the Share Option Scheme. If the General Scheme Limit is refreshed, on the basis of 1,829,725,000 Shares in issue as at the Latest Practicable Date and assuming that prior to the EGM, no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company, the General Scheme Limit will be re-set at 182,972,500 Shares.

On the basis of 1,829,725,000 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 548,917,500 Shares. As at the Latest Practicable Date, the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted since the adoption of the Share Option Scheme and yet to be exercised is 69,166,667 Shares (representing approximately 3.78% of the number of Shares in issue as at the Latest Practicable Date. Accordingly, the refreshed General Scheme Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The refreshment of the General Scheme Limit is conditional upon:

(i) the passing of an ordinary resolution by the Shareholders to approve the refreshment of the General Scheme Limit at the EGM; and

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the date of the EGM, which may fall to be issued pursuant to the exercise of options under the General Scheme Limit.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such number of Shares representing 10% of the issued Shares as at the date of EGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the General Scheme Limit so refreshed.

The Company proposes to seek the approval by Shareholders on the refreshment of the General Scheme Limit with a view to allowing the Company more flexibility to provide incentives or rewards to eligible participants for their contribution to the Group. The Directors consider that it will be for the benefit of the Company and the Shareholders as a whole that the eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of share options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the EGM for the refreshment of the General Scheme Limit.

EGM

A notice convening the EGM to be held at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong on Friday, 25 September 2009 at 3:00 p.m. is set out in this circular at which ordinary resolution will be proposed to consider and, if thought fit, to approve (i) the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder and (ii) the refreshment of the General Scheme Limit.

As no Shareholder has any material interest in the Disposal and the refreshment of the General Scheme Limit, no Shareholder is required to abstain from voting in the EGM in respect of the resolution to approve (i) the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder and (ii) the refreshment of the General Scheme Limit.

A form of proxy for use at the EGM is enclosed with this circular. Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible, and, in any event, not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors consider that (i) the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder and (ii) the refreshment of the General Scheme Limit are fair and reasonable to the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for the approval of (i) the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder and (ii) the refreshment of the General Scheme Limit.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Global Flex Holdings Limited
Wong Chau Chi
Chairman

Deloitte.
德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Quuensway
Hong Kong

8 September 2009

The Directors
Global Flex Holdings Limited
1701-1702, 17/F., The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Global Flex Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 (the "Relevant Periods") for inclusion in the circular issued by the Company dated 8 September 2009 in connection with a very substantial disposal transaction (the "Circular").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company acts as an investment holding company.

As at the date of this report, the Company has the following directly and indirectly held subsidiaries which are all private companies with limited liabilities:

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/paid up capital held by the Company Directly	Indirectly	Principal activities
Forever Jade Holding Limited ("FJH")	Samoa 26 April 2005	Ordinary	US$7,400,000	100%	—	Investment holding
* Forever Jade Electronics (Suzhou) Company Limited ("Forever Jade (Suzhou)")	The People's Republic of China (the "PRC") 10 January 2006	Capital contribution	US$7,400,000	—	100%	Manufacturing and trading of rigid printed circuit boards assembly

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/paid up capital held by the Company Directly	Indirectly	Principal activities
Global Technology International Ltd. ("GTI")	British Virgin Islands/Taiwan 9 February 1999	Ordinary	US$48,000,000	100%	—	Investment holding and trading of printed circuit boards
* Global Flex (Suzhou) Company Limited ("Global Flex (Suzhou)")	The PRC 31 March 1999	Capital contribution	US$48,000,000	—	100%	Manufacturing and trading of printed circuit boards
Value Manage International Limited ("Value Manage")	Hong Kong 14 January 2005	Ordinary	HK$2,000,000	—	100%	Inactive
* Global Flex (Suzhou) Plant II Co., Limited ("Global Flex (Suzhou) Plant II")	The PRC 16 December 2005	Capital contribution	US$29,600,000	—	100%	Property holding
Global Technology International Ltd. - Taiwan Branch ("GTI - Taiwan Branch")	Taiwan 25 July 2007	Capital contribution	NT$1,000,000	—	100%	Provision of administrative service
Global Flex Trading Center Limited ("GFTC")	Samoa/ The PRC 18 April 2008	Ordinary	**US$2,000,000	100%	—	Investment holding and trading of printed circuit boards
Newell Top Limited ("Newell")	British Virgin Islands 8 August 2008	Ordinary	US$50,000	—	100%	Inactive

* These subsidiaries are wholly-foreign-owned enterprises established in the PRC.

** The issued share capital has not been paid up as at the date of this report.

No audited financial statements have been prepared for FJH, GTI, GFTC and Newell since their respective dates of incorporation/establishment either because they were incorporated in countries where there is no statutory requirement to prepare audited financial statements or they have not carried on business.

The statutory financial statements of the following subsidiaries were prepared in accordance with the relevant accounting principles and financial regulations applicable to these companies and audited by certified public accountants registered in the PRC as follows:

Name of subsidiaries	Auditors	Financial year end
Forever Jade (Suzhou)	蘇州萬隆永鼎會計師事務所有限公司 (Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2008
	江蘇公証會計師事務所有限公司 (Jiangsu Gongzheng Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2007
	江蘇公証會計師事務所有限公司 (Jiangsu Gongzheng Certified Public Accountants Co., Ltd.*)	Period from 10 January 2006 (date of establishment) to 31 December 2006
Global Flex (Suzhou)	蘇州萬隆永鼎會計師事務所有限公司 (Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2008
	江蘇公証會計師事務所有限公司 (Jiangsu Gongzheng Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2007
	江蘇公証會計師事務所有限公司 (Jiangsu Gongzheng Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2006
Global Flex (Suzhou) Plant II	蘇州萬隆永鼎會計師事務所有限公司 (Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.*)	Year ended 31 December 2008
	江蘇公証會計師事務所有限公司 (Jiangsu Gongzheng Certified Public Accountants Co., Ltd.*)	Period from 16 December 2005 (date of establishment) to 31 December 2007

* *for identification purpose only*

We have acted as the auditors of the Company and Value Manage for each of the Relevant Periods.

The Financial Information has been prepared based on the consolidated financial statements of the Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the Relevant Periods (the "Underlying Financial Statements").

In respect of our audits of the consolidated financial statements of the Group for both the year ended 31 December 2008 and the six months ended 30 June 2009, we were unable to express an opinion as to whether those consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and 30 June 2009 and of the loss and cash flows of the Group for the year ended 31 December 2008 and the six months ended 30 June 2009 in accordance with HKFRS for the following reasons:

(a) **Impairment of property, plant and equipment**

Included in the consolidated statements of financial position as at 31 December 2008 and 30 June 2009 was property, plant and equipment with carrying amounts of US$98,919,683 and US$90,893,983 respectively. As set out in the consolidated statements of comprehensive income, the Group incurred a loss of US$75,093,827 and US$17,385,316, respectively, for the year ended 31 December 2008 and the six months ended 30 June 2009. In addition, the production activities of certain of the Group's facilities were suspended during the year/period. Furthermore, subsequent to the consolidated financial statements of the Group for the year ended 31 December 2008 being authorised for issue, the Group entered into a conditional sale and purchase agreement on 30 July 2009 to dispose of the entire equity interest in Global Flex (Suzhou) Plant II and certain plant and equipment of Global Flex (Suzhou) used for the production of flexible printed circuit board and flexible printed circuit board assembly businesses (the "Transaction") at a significant loss subsequent to 30 June 2009. These factors, in our opinion, constituted indicators of impairment of the property, plant and equipment. However, no impairment loss was recognised for the year ended 31 December 2008 and the six months ended 30 June 2009. We were unable to perform satisfactory audit procedures to satisfy ourselves that the recoverable amounts of the property, plant and equipment exceeded its carrying amounts as at 31 December 2008 or 30 June 2009 and whether (i) the potential loss arising from the Transaction should be recognised during the year ended 31 December 2008 or/and the six months ended 30 June 2009; and (ii) any additional impairment loss should be recognised in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the HKICPA. Any adjustments found to be necessary would affect the Group's net assets as at 31 December 2008 and 30 June 2009 and the Group's loss for the year ended 31 December 2008 and the six months ended 30 June 2009.

(b) **Fair value and carrying amounts on convertible loan notes**

Included in the consolidated statements of financial position as at 31 December 2008 and 30 June 2009 were the liability component of convertible loan notes with carrying amounts of US$2,736,489 and US$1,879,900, respectively, and conversion option derivative with carrying amounts of US$54,029 and US$36,020, respectively. The fair values of these components were determined on initial recognition by the directors of the Company. In addition, the carrying amounts of the conversion option derivative as at 31 December 2008, 10 June 2009 (date of conversion of certain convertible loan notes) and 30 June 2009 were also determined by the directors of the Company. However, we were unable to obtain sufficient evidence to satisfy ourselves as to whether the valuation methodology and the assumptions adopted by the directors of the Company in these valuations of the liability component of convertible loan notes and conversion option derivative on initial recognition and the valuation of the conversion option derivative as at 31 December 2008, 10 June 2009 and 30 June 2009 were appropriate. There were no other alternative audit procedures that we could carry out to satisfy ourselves as to whether the liability component of convertible loan notes and the conversion option derivative are fairly stated on initial recognition and as at 31 December 2008, 10 June 2009 and 30 June 2009 in accordance with the requirements of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA. Any adjustments found to be necessary may have an effect on the Group's net assets as at 31 December 2008 and 30 June 2009 and the Group's loss for the year ended 31 December 2008 and the six months ended 30 June 2009.

(c) **Going concern**

The Group incurred a loss for the year ended 31 December 2008 and the six months ended 30 June 2009 of US$75,093,827 and US$17,385,316, respectively, and the Group's current liabilities exceeded its current assets as at 31 December 2008 and at 30 June 2009 by US$72,498,178 and US$80,535,976, respectively. The directors of the Company have been taking steps to improve the liquidity of the Group.

- ***Year ended 31 December 2008***

At the date the consolidated financial statements of the Group for the year ended 31 December 2008 were authorised for issue, these steps included (i) application to the court of the PRC for a debt restructuring on 2 March 2009 for Global Flex (Suzhou); (ii) reducing manpower and production costs and discontinuing some non-core and unprofitable businesses; and (iii) negotiating with the Group's suppliers to reschedule the payments of the Group's expenditures. The validity of the going concern assumption on which the consolidated financial statements for the year ended 31 December 2008 were prepared by the directors of the Company is dependent on the favourable outcomes of the steps being taken by the directors as described above.

- ***Six months ended 30 June 2009***

At the date the consolidated financial statements of the Group for the six months ended 30 June 2009 were authorised for issue, these steps included (i) entering into the Transaction; (ii) submitting a final restructuring plan (the "Restructuring Plan") to the court of the PRC for a debt restructuring on 18 August 2009 for Global Flex (Suzhou); (iii) reducing manpower and production costs and discontinuing some non-core and unprofitable businesses and (iv) negotiating with the Group's suppliers to reschedule the payments of the Group's expenditures.

The Transaction will be subject to the approval of the shareholders of the Company in a meeting of shareholders on 25 September 2009.

Under the Restructuring Plan, Global Flex (Suzhou) will (i) repay a significant portion of debts to creditors; (ii) seek waiver on a significant portion of the remaining debts with unsecured creditors; (iii) defer repayment of all remaining debt to one to three years after the date of approval of the Restructuring Plan by the creditors; and (iv) resume normal business operations as a rigid printed circuit board producer in cooperation with the Company's potential investment partner. The Restructuring Plan will be subject to the creditors' approval in a creditors' meeting on 8 September 2009.

The validity of the going concern assumption on which the consolidated financial statements for the six months ended 30 June 2009 were prepared is dependent on the approval and completion of the Transaction, and approval and successful implementation of the Restructuring Plan as described above. The consolidated financial statements for the six months ended 30 June 2009 have been prepared by the directors of the Company on the assumption that both the Transaction and the Restructuring Plan will be successfully approved and implemented and consequently that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation and classification of non-current assets that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to the consolidated financial statements for the year ended 31 December 2008 and the six months ended 30 June 2009 to reflect the situation that assets may need to be realised other than at the amounts at which they have been recorded in the consolidated statements of financial position. These matters therefore indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern as at 31 December 2008 and 30 June 2009.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information of the Group for the Relevant Periods as set out in this report has been prepared based on the Underlying Financial Statements without making any adjustments for the purpose of inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Company. The directors of the Company are also responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

Because of the significance of the matters described above, we were not able to obtain sufficient appropriate evidence and carry out necessary examination procedures to provide a basis for an opinion on the Financial Information in respect of for the year ended 31 December 2008 and the six months ended 30 June 2009 and accordingly, we were unable to conclude whether any adjustment is necessary to the Financial Information in preparing our report for inclusion in the Circular for the year ended

31 December 2008 and the six months ended 30 June 2009. We therefore do not express an opinion on the Financial Information to whether it gives a true and fair view of the state of the Group's affairs as at 31 December 2008 and the six months ended 30 June 2009 and of its results and cash flows for the year/period then ended.

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2006 and 2007 and of the Group's results and cash flows for the years then ended.

Without qualifying our opinion in respect of the years ended 31 December 2006 and 2007, we draw attention to the matters set out in the paragraph entitled "Going concern" above and further explained in note 2 to the Financial Information, which indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The comparative consolidated statement of comprehensive income, consolidated statement of cash flow, consolidated statement of changes in equity of the Group for the six months ended 30 June 2008, together with the notes thereon (the "2008 Comparative Financial Information") have been prepared based on the Group's published interim financial report for the six months ended 30 June 2008 which was prepared by the directors of the Company. For the purpose of this report, we have reviewed the 2008 Comparative Financial Information prepared in accordance with HKFRS issued by the HKICPA in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review consisted principally of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the 2008 Comparative Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 2008 Comparative Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the 2008 Comparative Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which is in accordance with HKFRS.

Without qualifying our review conclusion for 2008 Comparative Financial Information, we draw attention to the matters set out in the paragraph entitled "Going concern" above and further explained in note 2 to the Financial Information, which indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2006**	**2007**	**2008**	**2008**	**2009**
		US$	*US$*	*US$*	*US$*	*US$*
					(unaudited)	
Revenue	8	315,536,882	311,602,789	119,336,692	69,040,901	3,402,888
Cost of sales		(279,024,077)	(305,267,263)	(148,107,340)	(88,270,819)	(15,531,185)
Gross profit (loss)		36,512,805	6,335,526	(28,770,648)	(19,229,918)	(12,128,297)
Other income	9	2,954,314	5,713,275	4,593,155	1,845,304	968,371
Distribution and selling expenses		(7,660,860)	(8,389,231)	(3,354,342)	(2,715,249)	(308,649)
Administrative expenses		(10,246,318)	(13,669,509)	(13,133,779)	(3,660,915)	(3,330,762)
Impairment loss on trade and other receivables		(1,370,470)	(6,248,276)	(26,703,394)	(7,181,542)	(890,308)
Impairment loss on property, plant and equipment		—	(5,366,859)	—	(1,838,871)	—
Gain (loss) on disposal of property, plant and equipment		—	14,535	(3,434,886)	(33,793)	(683,189)
Finance costs	10	(6,182,271)	(7,582,069)	(4,723,540)	(2,560,988)	(1,012,482)
Profit (loss) before taxation		14,007,200	(29,192,608)	(75,527,434)	(35,375,972)	(17,385,316)
Income tax (expense) credit	11	(1,619,195)	(585,453)	433,607	351,118	—
Profit (loss) for the year/period	12	12,388,005	(29,778,061)	(75,093,827)	(35,024,854)	(17,385,316)
Other comprehensive income						
Exchange differences arising on translation		3,679,090	7,640,872	5,471,512	5,413,496	23,134
Total comprehensive income and expense for the year/period		16,067,095	(22,137,189)	(69,622,315)	(29,611,358)	(17,362,182)
Earnings (loss) per share	15					
- Basic		0.0099	(0.0238)	(0.0520)	(0.0268)	(0.0107)
- Diluted		N/A	(0.0238)	(0.0520)	(0.0268)	(0.0107)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2006 *US$*	2007 *US$*	2008 *US$*	As at 30 June 2009 *US$*
NON-CURRENT ASSETS					
Property, plant and equipment	16	79,866,481	93,147,521	98,919,683	90,893,983
Prepaid lease payments - non-current portion	17	3,606,479	3,403,783	2,561,246	2,322,854
Deposits paid for acquisition of property, plant and equipment		3,764,043	2,709,421	76,525	—
Available-for-sale investment	18	22,008	22,008	26,653	26,661
		87,259,011	99,282,733	101,584,107	93,243,498
CURRENT ASSETS					
Inventories	19	48,605,601	39,969,755	6,554,916	279,841
Trade and other receivables	20	143,119,493	86,316,301	14,773,501	6,218,085
Prepaid lease payments - current portion	17	428,794	459,233	478,213	478,359
Pledged bank deposits	21	13,517,139	8,597,630	—	—
Bank balances and cash	21	46,782,638	10,856,313	5,627,793	2,760,577
		252,453,665	146,199,232	27,434,423	9,736,862
CURRENT LIABILITIES					
Trade and other payables	22	103,281,270	83,975,312	54,781,326	48,209,996
Amount due to a related company	23	—	—	1,524,012	—
Amount due to a director	23	—	—	804,665	200,655
Tax liabilities		392,775	450,877	177,932	177,971
Convertible loan notes	24	—	—	2,790,518	1,915,920
Bank borrowings - due within one year	25	114,663,379	69,096,519	39,854,148	39,768,296
		218,337,424	153,522,708	99,932,601	90,272,838
NET CURRENT ASSETS (LIABILITIES)		34,116,241	(7,323,476)	(72,498,178)	(80,535,976)
TOTAL ASSETS LESS CURRENT LIABILITIES		121,375,252	91,959,257	29,085,929	12,707,522
NON-CURRENT LIABILITY					
Bank borrowings - due after one year	25	3,841,869	—	—	—
		117,533,383	91,959,257	29,085,929	12,707,522
CAPITAL AND RESERVES					
Share capital	26	16,129,032	16,129,032	20,516,129	2,360,935
Share premium and reserves		101,404,351	75,830,225	8,569,800	10,346,587
		117,533,383	91,959,257	29,085,929	12,707,522

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital US$	Share premium US$	Merger reserve US$ *(note 27)*	Statutory reserve US$ *(note 28)*	Distributable reserve US$ *(note 26)*	Share option reserve US$ *(note 29)*	Capital reserve US$ *(note 30)*	Exchange reserve US$	Accumulated profits (losses) US$	Total US$
At 1 January 2006	16,129,032	15,631,536	31,987,096	4,588,827	—	—	—	1,149,502	35,251,263	104,737,256
Exchange differences arising on translation	—	—	—	—	—	—	—	3,679,090	—	3,679,090
Profit for the year	—	—	—	—	—	—	—	—	12,388,005	12,388,005
Total comprehensive income for the year	—	—	—	—	—	—	—	3,679,090	12,388,005	16,067,095
Dividend paid *(note 14)*	—	—	—	—	—	—	—	—	(4,354,839)	(4,354,839)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	1,083,871	—	—	1,083,871
Transfer	—	—	—	1,802,415	—	—	—	—	(1,802,415)	—
At 31 December 2006	16,129,032	15,631,536	31,987,096	6,391,242	—	—	1,083,871	4,828,592	41,482,014	117,533,383
Exchange differences arising on translation	—	—	—	—	—	—	—	7,640,872	—	7,640,872
Loss for the year	—	—	—	—	—	—	—	—	(29,778,061)	(29,778,061)
Total comprehensive income for the year	—	—	—	—	—	—	—	7,640,872	(29,778,061)	(22,137,189)
Dividend paid *(note 14)*	—	—	—	—	—	—	—	—	(4,612,903)	(4,612,903)
Recognition of equity- settled share-based payments	—	—	—	—	—	1,175,966	—	—	—	1,175,966
At 31 December 2007	16,129,032	15,631,536	31,987,096	6,391,242	—	1,175,966	1,083,871	12,469,464	7,091,050	91,959,257
Exchange differences arising on translation	—	—	—	—	—	—	—	5,471,512	—	5,471,512
Loss for the year	—	—	—	—	—	—	—	—	(75,093,827)	(75,093,827)
Total comprehensive income for the year	—	—	—	—	—	—	—	5,471,512	(75,093,827)	(69,622,315)
Recognition of equity- settled share-based payments	—	—	—	—	—	122,197	556,026	—	—	678,223
Forfeiture of share options	—	—	—	—	—	(52,734)	—	—	52,734	—
Issue of shares	4,387,097	1,716,129	—	—	—	—	—	—	—	6,103,226
Transaction cost related to issue of shares	—	(32,462)	—	—	—	—	—	—	—	(32,462)
At 31 December 2008	20,516,129	17,315,203	31,987,096	6,391,242	—	1,245,429	1,639,897	17,940,976	(67,950,043)	29,085,929
Exchange differences arising on translation	—	—	—	—	—	—	—	23,134	—	23,134
Loss for the period	—	—	—	—	—	—	—	—	(17,385,316)	(17,385,316)
Total comprehensive income for the period	—	—	—	—	—	—	—	23,134	(17,385,316)	(17,362,182)
Capital reorganisation (note 26)	(18,464,516)	—	—	—	18,464,516	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	—	25,824	—	—	—	25,824
Foreiture of share option	—	—	—	—	—	(395,958)	—	—	395,958	—
Issue of share upon conversion of convertible notes	309,322	648,629	—	—	—	—	—	—	—	957,951
At 30 June 2009	2,360,935	17,963,832	31,987,096	6,391,242	18,464,516	875,295	1,639,897	17,964,110	(84,939,401)	12,707,522
As at 1 January 2008 (audited)	16,129,032	15,631,536	31,987,096	6,391,242	—	1,175,966	1,083,871	12,469,464	7,091,050	91,959,257
Exchange differences arising on translation	—	—	—	—	—	—	—	5,413,496	—	5,413,496
Loss for the period	—	—	—	—	—	—	—	—	(35,024,854)	(35,024,854)
Total comprehensive income for the period	—	—	—	—	—	—	—	5,413,496	(35,024,854)	(29,611,358)
Recognition of equity-settled share-based payments	—	—	—	—	—	92,226	556,026	—	—	648,252
Issue of shares	3,225,807	1,483,872	—	—	—	—	—	—	—	4,709,679
Transaction cost related to issue of shares	—	(16,624)	—	—	—	—	—	—	—	(16,624)
At 30 June 2008 (unaudited)	19,354,839	17,098,784	31,987,096	6,391,242	—	1,268,192	1,639,897	17,882,960	(27,933,804)	67,689,206

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	14,007,200	(29,192,608)	(75,527,434)	(35,375,972)	(17,385,316)
Adjustments for:					
Impairment loss on property, plant and equipment	—	5,366,859	—	1,838,871	—
Impairment loss on trade and other receivables	1,370,470	6,248,276	26,703,394	7,181,542	890,308
Write-down of inventories	4,212,882	14,091,861	3,598,227	7,155,130	2,718,518
Release of prepaid lease payments	32,445	493,105	470,387	239,090	239,159
Finance costs	6,182,271	7,582,069	4,723,540	2,560,988	1,012,482
Interest income	(1,579,714)	(1,438,496)	(208,421)	(103,734)	(484)
Depreciation of property, plant and equipment	7,321,694	10,534,128	11,792,224	5,958,542	5,069,521
Share-based payments	1,083,871	1,175,966	678,223	648,252	25,824
(Gain) loss on disposal of property, plant and equipment	—	(14,535)	3,434,886	33,793	683,189
Gain on disposal of prepaid lease payments	—	—	(18,734)	—	—
Operating cash flows before movements in working capital	32,631,119	14,846,625	(24,353,708)	(9,863,498)	(6,746,799)
(Increase) decrease in inventories	(20,132,376)	(5,456,015)	29,816,612	16,210,334	3,556,557
(Increase) decrease in trade and other receivables	(71,760,995)	51,162,295	45,726,788	22,798,647	7,669,433
Increase (decrease) in trade and other payables	54,035,421	(19,305,958)	(31,876,891)	(18,671,271)	(5,408,965)
Increase (decrease) in amount due to a related company	—	—	1,524,012	—	(220,000)
Cash (outflow) inflow generated from operations	(5,226,831)	41,246,947	20,836,813	10,474,212	(1,149,774)
Income tax (paid) refund	(2,001,357)	(527,351)	160,662	136,381	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(7,228,188)	40,719,596	20,997,475	10,610,593	(1,149,774)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(26,803,360)	(22,291,596)	(11,315,881)	(5,070,925)	(87,572)
Prepaid lease payments made	(2,787,065)	(42,368)	—	—	—
Decrease in pledged bank deposits	15,128,480	4,919,509	8,597,630	3,159,599	—
Proceeds from disposal of property, plant and equipment	—	34,084	3,106,304	269,065	—
Proceeds from disposal of prepaid lease payments	—	—	619,731	—	—
Interest received	1,579,714	1,438,496	208,421	103,734	484
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(12,882,231)	(15,941,875)	1,216,205	(1,538,527)	(87,088)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
FINANCING ACTIVITIES					
New bank borrowings raised	231,309,255	60,242,916	99,746,289	39,634,133	3,190,633
Repayment of bank borrowings	(200,289,731)	(110,640,078)	(133,111,047)	(60,259,609)	(3,288,731)
Interest paid	(6,182,271)	(7,582,069)	(4,696,889)	(2,560,988)	(929,129)
Dividend paid	(4,354,839)	(4,612,903)	—	—	—
Share issue expenses	—	—	(32,462)	—	—
Proceeds from issue of shares	—	—	6,103,226	4,709,679	—
Proceeds from issue of convertible notes	—	—	2,763,867	—	—
Advanced from (repayment to) a director	—	—	804,665	—	(604,010)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	20,482,414	(62,592,134)	(28,422,351)	(18,476,785)	(1,631,237)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	371,995	(37,814,413)	(6,208,671)	(9,404,719)	(2,868,099)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	46,318,124	46,782,638	10,856,313	10,856,313	5,627,793
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	92,519	1,888,088	980,151	906,200	883
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	46,782,638	10,856,313	5,627,793	2,357,794	2,760,577

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 1701-1702, 17/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

The Financial Information is presented in United States dollar while the functional currency of the Company is Renminbi. The directors selected United States dollar as the presentation currency because most of the shareholders of the Company are located outside the PRC and United States dollar was considered to be more useful to the shareholders.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Group incurred a loss of US$75,093,827 and US$17,385,316 for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively and the Group's current liabilities exceeded its current assets as at 31 December 2008 and 30 June 2009 by US$72,498,178 and US$80,535,976, respectively. The directors of the Company have been taking steps to improve the liquidity of the Group. These steps included (i) entering into a conditional sale and purchase agreement to dispose of the entire equity interest in Global Flex (Suzhou) Plant II Co., Ltd ("Global Flex (Suzhou) Plant II") and certain plant and equipment of Global Flex (Suzhou) Company Limited ("Global Flex (Suzhou)") used for the production of flexible printed circuit board and flexible printed circuit board assembly businesses (the "Transaction"); (ii) submitting a final restructuring plan (the "Restructuring Plan") to the court of the People's Republic of China (the "PRC") for a debt restructuring for Global Flex (Suzhou), which was registered in the PRC; (iii) reducing manpower and production costs and discontinuing some non-core and unprofitable businesses and (iv) negotiating with the Group's suppliers to reschedule the payments of the Group's expenditures. Details of the Transaction and the Restructuring Plan are set out below.

On 30 July 2009, the Group entered into a conditional sale and purchase agreement to dispose of the entire equity interest in Global Flex (Suzhou) Plant II and certain plant and equipment of Global Flex (Suzhou) used for the production of flexible printed circuit board and flexible printed circuit board assembly businesses. The Transaction is subject to the approval of the shareholders of the Company and the Restructuring Plan will be approved by the creditors in the creditors' meeting. The directors of the Company are in the view the completion of the Transaction will substantially alleviate the Group's financial burden and revitalize its operations, a major step towards making the restructuring successful.

On 18 August 2009, Global Flex (Suzhou) submitted the Restructuring Plan to the court of the PRC for a debt restructuring. Under the Restructuring Plan, Global Flex (Suzhou) will (i) repay a significant portion of debts to creditors; (ii) seek waiver on a significant portion of the remaining debts with unsecured creditors; (iii) defer repayment of all remaining debt one to three years after the date of approval of the Restructuring Plan by the creditors; and (iv) resume normal business operations as a rigid printed circuit board producer in cooperation with the Company's potential investment partner.

The Restructuring Plan will be subject to the creditors' approval in a creditors' meeting on 8 September 2009. If the approval is obtained, Global Flex (Suzhou) will emerge out of the restructuring as a normal operating entity with much stronger financial position and healthier operation. It will also give ample room and resources for the Group to develop new business.

Provided that the Transaction will be approved and completed and the Restructuring Plan will be approved by the creditors in the creditor's meeting and the Restructuring Plan will be successfully implemented, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied all the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial periods beginning on or after 1 January 2009 in the preparation of the Financial Information for Relevant Periods except for the followings:

During the years ended 31 December 2006, 2007 and 2008, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. During the period ended 30 June 2009, the Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the revised accounting policy has been applied prospectively since 1 January 2009, the change has had no impact on amounts reported in prior accounting periods.

HKFRS 7 (Amendment) Improving Disclosure about Financial Instruments requires enhanced disclosures about fair value measurements and liquidity risk including disclosure of the methods and, when a valuation technique is used, the assumption applied in determining the fair value of each class of financial instruments. The Group has applied the amendment for the Group's financial periods beginning on or after 1 January 2009. In accordance with the transitional provision, the Group need not provide comparative information for the disclosures required by the amendment.

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)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-Time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[3]

[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 or 1 January 2010, as appropriate.

[3] Effective for transfers on or after 1 July 2009.

[4] Effective for annual periods beginning on or after 1 January 2010.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis except for the conversion option derivative of conversion loan notes, which are measured at fair value, as explained in the accounting policies set out below.

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Relevant Periods are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the period of the relevant leases.

Property, plant and equipment

Property, plant and equipment including plant and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress are carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when competed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commence when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments, which represent up-front payments to acquire leasehold land interest, are stated at cost and released to the profit or loss over the period of the lease on a straight line basis.

Impairment losses on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity respectively in which case the deferred tax is also recognised outside profit or loss, either in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs incurred before 1 January 2009

All borrowing costs are recognised as and included in finance costs in the profit or loss in the period in which they are incurred.

Borrowing costs incurred on or after 1 January 2009

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Captailisation of such borrowing costs cease when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recoginsed in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight line basis over the terms of the relevant lease.

The Group as lessee

Rentals payables under operating leases are charged to profit or loss on a straight line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease terms on a straight line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. United States dollar) at the rate of exchange prevailing at the end of the reporting date, and their income and expenses are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are transferred to accumulated profits/losses in the period in which the relevant operation is disposed of.

Retirement benefit scheme contributions

Payments to defined contribution retirement benefit scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Termination benefits

Termination benefits are recognised as a liability and an expense when it is demonstrably committed to terminate the employment of an employee or group of employee before the normal retirement date.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares granted to employees of the Group

The fair value of services received determined by reference to the fair value of shares granted at the grant date is recognised as an expense in full at the grant date when the shares granted vested immediately, with a corresponding increase in equity (capital reserve).

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits/losses.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share option reserve).

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including trade and other receivables, pledged bank deposits and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a related company, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes contains liability component and conversion option derivative

Convertible loan notes issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, all the liability and conversion option components are measured at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss. Both liability component and the conversion option derivative are presented as "convertible loan notes" on the consolidated statement of financial position.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and convertible option in proportion to the their relative fair values. Transaction costs relating to the convertible option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised, when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The management performed an impairment assessment on trade and other receivables and an impairment loss of US$1,370,470, US$6,248,276, US$26,703,394, US$7,181,542 and US$890,308 were recognised in consolidated statement of comprehensive income for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009. As at 31 December 2006, 2007 and 2008 and 30 June 2009, the carrying amount of trade and other receivables is US$143,119,493, US$86,316,301, US$14,773,501 and US$6,218,085 respectively (net of impairment loss on trade and other receivables of US$3,407,964, US$9,656,240, US$34,336,067 and US$34,332,732 respectively).

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. As at 31 December 2006, 2007 and 2008 and 30 June 2009, the carrying amount of inventories is US$48,605,601, US$39,969,755, US$6,554,916 and US$279,841 respectively.

If the market price of inventories of the Group becomes lower than its carrying amount subsequently, an additional allowance may be required.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Group consists of net debt, which includes the convertible loan notes and bank borrowings disclosed in notes 24 and 25, respectively, net of cash and cash equivalents disclosed in note 21 and equity attributable to owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associate with each class of capital. Based on recommendation of directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts and the repayment of existing debts.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Financial assets				
Loans and receivables (including cash and cash equivalents)	200,748,628	98,642,622	17,494,073	4,653,884
Available-for-sale financial assets	22,008	22,008	26,653	26,661
Financial liabilities				
Amortised cost	216,176,737	147,737,903	94,399,151	84,299,923
Derivative liabilities	—	—	54,029	36,020

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances, trade and other payables, amount due to a related company, amount due to a director, convertible loan notes and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (represented by currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group mainly operates in the PRC. Its foreign currency sales and purchases expose the Group to foreign currency risk, particularly in United States dollar. Also, certain trade and other receivables, bank balances, trade and other payables and bank borrowings of the Group are denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are considered as significant by the management, at the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Assets				
United States dollar	147,124,144	72,094,629	11,439,177	2,731,142
Liabilities				
United States dollar	98,105,881	52,293,356	22,764,156	19,601,419

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuation in Renminbi against United States dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in Renminbi against the relevant foreign currency. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates. The sensitivity analysis includes trade and other receivables, bank balances, trade and other payables and bank borrowings where the denomination of these balances are in currencies other than the functional currency of the relevant entities. If exchange rate of Renminbi against United States dollar had been increased/decreased by 5%, the Group's profit would decrease/increase by US$2,451,000 for the year ended 31 December 2006, the Group's loss would increase/decrease by US$990,000 for the year ended 31 December 2007 and decrease/increase by US$566,000 and US$844,000 respectively for the year ended 31 December 2008 and six months period ended 30 June 2009 respectively.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to convertible loan notes as set out in note 24.

The Group is also exposed to cash flow interest rate risk in relation to the bank balances and variable-rate bank borrowings (see note 25 for details of these borrowings) due to the fluctuation of the prevailing market interest rates. It is the Group's policy to keep its borrowings at variable-rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly sensitive to the fluctuation of rate of the People's Bank of China arising from the Group's Renminbi bank borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank balances and borrowings. The analysis is prepared assuming the amount of asset and liability outstanding at the end of each reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase by US$846,000 for the year ended 31 December 2006, the Group's loss would increase/decrease by US$400,000, US$171,000 and US$185,000 for the year ended 31 December 2007 and 2008 and for the six months ended 31 June 2009 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

Credit risk

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is limited because the counterparties are reputable bank in the PRC and Hong Kong.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group's concentration of credit risk by geographical locations of customers is mainly in the PRC, which is approximately 48%, 61%, 36% and 66% of the total trade receivables respectively.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group also has concentration of credit risk on certain counterparties as 38%, 38%, 46% and 27% and 59%, 69%, 59% and 75% of the total trade receivables was due from one of the five largest customers and the five largest customers respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31 December 2007, the directors of the Company were taking active steps to improve the liquidity position of the Group. These steps include (i) negotiating with major customers to accelerate the pace of launching new products; (ii) implementing stringent cost control measures; (iii) requesting suppliers to extend their payment terms to strengthen its cash flow position.

As at 31 December 2008 and 30 June 2009, the Group has net current liabilities of US$72,498,178 and US$80,535,976 respectively. The directors of the Company are taking active steps to improve the liquidity position of the Group, details of which are set out in note 2.

The Group relies on bank borrowings as a significant source of liquidity. Details of which are set out in note 25.

The following table details the Group's remaining contractual maturity for its financial liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

At 31 December 2006

	Weighted average interest rate	Less than 1 month or on demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2006
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	—	19,937,260	49,254,370	28,479,859	—	—	97,671,489	97,671,489
Bank borrowings	4.76	31,094,735	41,548,085	30,440,462	17,038,073	4,024,742	124,146,097	118,505,248
		51,031,995	90,802,455	58,920,321	17,038,073	4,024,742	221,817,586	216,176,737

At 31 December 2007

	Weighted average interest rate	Less than 1 month or on demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2007
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	—	28,433,970	39,014,365	11,193,049	—	—	78,641,384	78,641,384
Bank borrowings	6.26	8,213,120	31,947,130	11,055,336	22,205,992	—	73,421,578	69,096,519
		36,647,090	70,961,495	22,248,385	22,205,992	—	152,062,962	147,737,903

At 31 December 2008

	Weighted average interest rate	Less than 1 month or on demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2008
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	—	47,367,252	1,946,090	166,495	—	—	49,479,837	49,479,837
Amount due to a related company	—	1,524,012	—	—	—	—	1,524,012	1,524,012
Amount due to a director	—	804,665	—	—	—	—	804,665	804,665
Convertible loan notes (note)	—	2,790,518	—	—	—	—	2,790,518	2,790,518
Bank borrowings	7.96	3,790,695	—	1,877,942	35,645,844	—	41,314,481	39,854,148
		56,277,142	1,946,090	2,044,437	35,645,844	—	95,913,513	94,453,180

At 30 June 2009

	Weighted average interest rate	Less than 1 month or on demand	31 to 90 days	91 to 180 days	181 to 365 days	More than 1 year	Total undiscounted cash flows	Carrying amount at 30/6/2009
	%	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Trade and other payables	—	42,313,886	137,186	—	—	—	42,451,072	42,451,072
Amount due to a director	—	200,655	—	—	—	—	200,655	200,655
Convertible loan notes (note)	—	1,935,753	—	—	—	—	1,935,753	1,915,920
Bank borrowings	8.67	5,537,992	23,778,002	12,751,310	—	—	42,067,304	39,768,296
		49,988,286	23,915,188	12,751,310	—	—	86,654,784	84,335,943

Note: The amount represented the carrying amount of the convertible loan notes on the assumption that the holders request the Company to repay immediately as set out in note 24. If the notes have not been converted before maturity date, the convertible loan notes will be redeemed at HK$26,250,000 (equivalents to US$3,387,096) and HK$17,500,000 (equivalents to US$2,258,065) upon maturity as at 31 December 2008 and 30 June 2009 respectively.

7c. *Fair value*

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the Financial Information approximate their fair values.

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009 and the segment information for each of the three years ended 31 December 2008 and the six months ended 30 June 2008 have been restated. HKFRS 8 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 (i.e. the executive directors) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. 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 reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group has four reportable segments based on its major products: (i) flexible printed circuit boards; (ii) rigid printed circuit boards; (iii) flexible printed circuit boards assembly; and (iv) rigid printed circuit boards assembly. Each reportable segment derives its revenue from the sale of the products. They are managed separately because each product requires different technology and marketing strategies.

An analysis of the Group's reportable segment information by operating segment is as follow:

Year ended 31 December 2006

	Flexible printed circuit boards	Rigid printed circuit boards	Flexible printed circuit boards assembly	Rigid printed circuit boards assembly	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*
Revenue from external customers	19,146,234	69,970,654	165,563,947	60,856,047	315,536,882
Cost of sales	(16,877,346)	(65,226,605)	(135,733,258)	(56,973,986)	(274,811,195)
Distribution and selling expenses	(464,848)	(1,698,804)	(4,019,696)	(1,477,512)	(7,660,860)
Reportable segment profit before taxation	1,804,040	3,045,245	25,810,993	2,404,549	33,064,827
Reportable segment assets	82,868,264	73,727,146	67,741,709	54,139,732	278,476,851
Reportable segment liabilities	27,542,018	22,150,919	33,076,770	20,389,678	103,159,385
Expenditures for reportable segment non-current assets	5,110,051	7,441,532	3,366,508	2,772,294	18,690,385

Year ended 31 December 2007

	Flexible printed circuit boards	Rigid printed circuit boards	Flexible printed circuit boards assembly	Rigid printed circuit boards assembly	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*
Revenue from external customers	31,428,045	51,967,805	136,695,143	91,511,796	311,602,789
Cost of sales	(30,718,687)	(50,240,346)	(118,908,649)	(91,307,720)	(291,175,402)
Distribution and selling expenses	(846,132)	(1,399,121)	(3,680,221)	(2,463,757)	(8,389,231)
Reportable segment (loss) profit before taxation	(136,774)	328,338	14,106,273	(2,259,681)	12,038,156
Reportable segment assets	45,593,546	53,715,912	76,770,170	45,257,719	221,337,347
Reportable segment liabilities	20,862,012	15,984,847	31,684,367	14,976,925	83,508,151
Expenditures for reportable segment non-current assets	5,610,229	7,686,561	6,487,825	3,759,210	23,543,825

Year ended 31 December 2008

	Flexible printed circuit boards	Rigid printed circuit boards	Flexible printed circuit boards assembly	Rigid printed circuit boards assembly	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*
Revenue from external customers	14,613,210	25,339,421	66,777,014	12,607,047	119,336,692
Cost of sales	(20,100,596)	(33,532,815)	(65,870,993)	(25,004,709)	(144,509,113)
Distribution and selling expenses	(529,992)	(980,784)	(1,426,657)	(416,909)	(3,354,342)
Reportable segment loss before taxation	(6,017,378)	(9,174,178)	(520,636)	(12,814,571)	(28,526,763)
Reportable segment assets	19,767,031	32,861,790	65,921,953	4,660,633	123,211,407
Reportable segment liabilities	18,837,619	11,082,974	22,411,783	2,140,884	54,473,260
Expenditures for reportable segment non-current assets	—	—	13,290,111	663,590	13,953,701

Period ended 30 June 2008 (unaudited)

	Flexible printed circuit boards	Rigid printed circuit boards	Flexible printed circuit boards assembly	Rigid printed circuit boards assembly	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*
Revenue from external customers	8,756,504	14,774,879	35,248,996	10,260,522	69,040,901
Cost of sales	(10,246,694)	(16,425,201)	(30,685,744)	(23,758,050)	(81,115,689)
Distribution and selling expenses	(344,378)	(581,068)	(1,386,275)	(403,528)	(2,715,249)
Reportable segment (loss) profit before taxation	(1,834,568)	(2,231,390)	3,176,977	(13,901,056)	(14,790,037)

Period ended 30 June 2009

	Flexible printed circuit boards	Rigid printed circuit boards	Flexible printed circuit boards assembly	Rigid printed circuit boards assembly	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*
Revenue from external customers	621,660	62,358	2,655,148	63,722	3,402,888
Cost of sales	(4,323,657)	(4,600,341)	(3,643,178)	(245,491)	(12,812,667)
Distribution and selling expenses	(117,673)	(98,120)	(68,373)	(24,483)	(308,649)
Reportable segment loss before taxation	(3,819,670)	(4,636,103)	(1,056,403)	(206,252)	(9,718,428)
Reportable segment assets	21,283,052	37,558,304	37,185,238	4,014,703	100,041,297
Reportable segment liabilities	16,241,080	9,772,266	20,089,119	1,836,248	47,938,713
Expenditures for reportable segment non-current assets	—	164,097	—	—	164,097

(a) Performance is measured based on segment profit (loss) before taxation. Income tax expense is not allocated to reportable segments

(b) Reconciliation of reportable segment profit (loss) before taxation

Segment profit (loss) represents gross profit plus distribution and selling expenses excluding the write-down of inventories. This is the measure reported to the chief executive directors for the purpose of resource allocation and assessment of segment performance.

Reportable segment profit (loss) before taxation are reconciled to profit (loss) before taxation of the Group as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Reportable segment profit (loss) before taxation	33,064,827	12,038,156	(28,526,763)	(14,790,037)	(9,718,428)
Unallocated income:					
Interest income	1,579,714	1,438,496	208,421	103,734	484
Other income	1,374,600	4,274,779	4,366,000	1,741,570	967,887
Unallocated expenses:					
Interest expenses	(6,182,271)	(7,582,069)	(4,723,540)	(2,560,988)	(1,012,482)
Write-down of inventories	(4,212,882)	(14,091,861)	(3,598,227)	(7,155,130)	(2,718,518)
Impairment loss on trade and other receivables	(1,370,470)	(6,248,276)	(26,703,394)	(7,181,542)	(890,308)
Impairment loss on property, plant and equipment	—	(5,366,859)	—	(1,838,871)	—
Gain (loss) on disposal of property, plant and equipment	—	14,535	(3,434,886)	(33,793)	(683,189)
Gain on disposal of prepaid lease payments	—	—	18,734	—	—
Other expenses	(10,246,318)	(13,669,509)	(13,133,779)	(3,660,915)	(3,330,762)
Profit (loss) before taxation	14,007,200	(29,192,608)	(75,527,434)	(35,375,972)	(17,385,316)

(c) Reconciliation of reportable segment assets

Segment assets represent property, plant and equipment, prepaid lease payments, deposits paid for acquisition of property, plant and equipment, inventories and trade and other receivables which are directly attributable to the relevant reportable segment. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

Reportable segment assets are reconciled to total assets of the Group as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Reportable segment assets	278,476,851	221,337,347	123,211,407	100,041,297
Unallocated assets:				
Available-for-sale investment	22,008	22,008	26,653	26,661
Trade and other receivables	914,040	4,668,667	152,677	151,825
Pledged bank deposits	13,517,139	8,597,630	—	—
Bank balances and cash	46,782,638	10,856,313	5,627,793	2,760,577
Total assets per consolidated statements of financial position	339,712,676	245,481,965	129,018,530	102,980,360

(d) Reconciliation of reportable segment liabilities

Segment liabilities represent trade and other payables which are directly attributable to the relevant reportable segment. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

Reportable segment liabilities are reconciled to total liabilities of the Group as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Reportable segment liabilities	103,159,385	83,508,151	54,473,260	47,938,713
Unallocated liabilities:				
Trade and other payables	121,885	467,161	308,066	271,283
Amount due to a related company	—	—	1,524,012	—
Amount due to a director	—	—	804,665	200,655
Tax liabilities	392,775	450,877	177,932	177,971
Convertible loan notes	—	—	2,790,518	1,915,920
Bank borrowings	118,505,248	69,096,519	39,854,148	39,768,296
Total liabilities per consolidated statements of financial position	222,179,293	153,522,708	99,932,601	90,272,838

(e) Information about geographical areas

The following table provides an analysis of the Group's revenue from external customers:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
The PRC,	271,323,560	254,971,789	75,536,468	48,450,974	1,557,221
United States of America	12,823,013	15,926,701	4,611,702	2,762,207	757,484
Singapore	13,122,542	11,282,847	5,813,223	3,543,282	969,719
Germany	2,069,854	937,159	457,132	299,658	—
Taiwan	4,408,211	20,604,297	23,682,424	10,961,770	—
Others	11,789,702	7,879,996	9,235,743	3,023,010	118,464
	315,536,882	311,602,789	119,336,692	69,040,901	3,402,888

All non-current assets of the Group are located in the PRC.

(f) Information about major customers

For the year ended 31 December 2006 and 2007, there were one customer who accounted for over 10% of total revenue with revenue of US$125,268,000 and US$83,110,000 respectively related to flexible printed circuit boards assembly.

For the year ended 31 December 2008, there were two customers who accounted for over 10% of total revenue with revenue of US$25,931,000 and US$22,957,000 and related to flexible printed circuit boards and flexible printed circuit boards assembly, respectively.

For the six months ended 2008, there were two customers who accounted for over 10% of total revenue with revenue of US$16,920,000 and US$10,763,000 and related to flexible printed circuit boards and flexible printed circuit boards assembly, respectively.

For the six months ended 2009, there were five customers who accounted for over 10% of total revenue with revenue of US$879,000, US$615,000, US$551,000, US$451,000 and US$415,000 respectively. An amount of US$615,000 was related to flexible printed circuit boards and an amount of US$2,296,000 was related to flexible printed circuit boards assembly.

9. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Compensation from customers for cancellation of orders	—	2,244,691	2,223,145	272,295	76,787
Gain on disposal of prepaid lease payments	—	—	18,734	—	—
Gain on disposal of property, plant and equipment	—	14,535	—	—	—
Interest income	1,579,714	1,438,496	208,421	103,734	484
Rental income	7,684	13,690	—	—	—
Net exchange gain	—	—	—	—	109,329
Sales of scrap materials	1,198,287	1,368,187	1,415,010	790,686	626,221
Others	168,629	633,676	727,845	678,589	155,550
	2,954,314	5,713,275	4,593,155	1,845,304	968,371

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Interest on bank borrowings wholly repayable within five years	6,182,271	7,582,069	4,696,889	2,560,988	929,129
Effective interest expense on convertible loan notes	—	—	26,651	—	83,353
	6,182,271	7,582,069	4,723,540	2,560,988	1,012,482

11. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
The charge comprises:					
PRC Foreign Enterprise Income Tax ("FEIT")					
Current year	1,619,195	457,446	—	—	—
Under(over)provision in prior year	—	128,007	(433,607)	(351,118)	—
	1,619,195	585,453	(433,607)	(351,118)	—

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 17.5%, 17.5%, 16.5%, 16.5% and 16.5% of the estimated assessable profit for the years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2008 and 2009, respectively.

No provision for Hong Kong Profits Tax and Taiwan Income Tax has been made as the Group's profit neither arose in, nor derived from Hong Kong and Taiwan.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate to 25% for all subsidiaries in the PRC from 1 January 2008 except for the Tax Holiday of Global Flex (Suzhou), Forever Jade (Suzhou) and Global Flex (Suzhou) Plant II as mentioned below. The Tax Holiday will continue and be determined based on the new tax rate of 25%.

Pursuant to the relevant laws and regulations in the PRC, Global Flex (Suzhou), Forever Jade (Suzhou) and Global Flex (Suzhou) Plant II, all are PRC subsidiaries of the Company, are entitled to the exemptions from FEIT for two years starting from its first profit-making year and to a 50% relief from the FEIT for the following three years ("Tax Holidays").

The first profit-making year of Global Flex (Suzhou) and Forever Jade (Suzhou) is the year ended 31 December 2002 and 31 December 2006, respectively. In December 2005, Global Flex (Suzhou) re-invested and increased its capital by US$16,000,000 to US$48,000,000. As a result, Global Flex (Suzhou) is entitled to another Tax Holidays on a capital proportionate basis from the date of re-investment subject to the approval by the relevant tax authority. Accordingly, one-third of the taxable profit of Global Flex (Suzhou) is subject to the Tax Holidays starting from 2005.

Pursuant to the PRC tax laws, Global Flex (Suzhou) Plant II is entitled to full tax exemption from FEIT for two years commencing from 1 January 2008, followed by 50% reduction in FEIT rate for the next three years.

The New Law imposes withholding tax upon the distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to their shareholders. No deferred tax liability has been recognised in respect of such withholding tax due to absence of undistributed profits for the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009.

The tax expense (credit) charge for the Relevant Periods can be reconciled to the profit (loss) before taxation as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Profit (loss) before taxation	14,007,200	(29,192,608)	(75,527,434)	(35,375,972)	(17,385,316)
Tax at the domestic income tax rate of 27%, 27%, 25%, 25% and 25% (Note)	3,781,944	(7,882,004)	(18,881,859)	(8,843,993)	(4,346,329)
Tax effect of income not taxable for tax purpose	(419,441)	(7,568)	(850)	(155)	(121)
Tax effect of expenses not deductible for tax purpose	980,200	1,564,825	1,757,352	376,681	444,936
Tax effect of tax losses not recognised	—	254,729	9,549,952	4,423,581	2,999,307
Tax effect of deductible temporary differences not recognised	1,507,505	6,940,889	7,575,405	4,043,886	902,207
Under(over) provision in respect of prior year	—	128,007	(433,607)	(351,118)	—
Effect of tax exemptions granted to the PRC subsidiaries	(4,231,013)	(413,425)	—	—	—
Tax expense (credit) for the year /period	1,619,195	585,453	(433,607)	(351,118)	—

Note: Majority of the operation of the Group is operated by its PRC subsidiaries which entitle to tax rate of 27% for the years ended 31 December 2006 and 2007 and statutory tax rate of 25% for the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group has unused tax losses of nil, US$943,000, US$39,143,000 and US$51,140,000, respectively, and deductible temporary differences in relation to impairment loss on trade and other receivable and write-down of inventories of US$9,444,000, US$35,151,000, US$65,452,000 and US$69,061,000, respectively, available for offset against future profits in the Group. No deferred tax asset has been recognised in respect of such tax losses and the deductible temporary difference due to the unpredictability of future profits streams of the Group. As at 31 December 2008 and 30 June 2009, there were unused tax loss of US$38,197,000 which will expire in year 2013. As at 30 June 2009, there was unused tax losses of US$11,997,000 which will expire in year 2014, all other unused tax losses may be carried forward indefinitely.

12. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Profit (loss) for the year/period has been arrived at after charging (crediting):					
Staff costs, including directors' remuneration					
- Salaries and allowances	23,821,981	27,795,827	17,082,504	4,641,884	2,057,604
- Bonus	—	—	—	—	—
- Retirement benefit scheme contributions	1,247,980	1,237,301	752,896	382,278	117,026
- Equity-settled share-based payments	1,083,871	1,175,966	678,223	648,252	25,824
Total staff costs	26,153,832	30,209,094	18,513,623	5,672,414	2,200,454
Auditor's remuneration	157,629	175,974	187,097	—	—
Release of prepaid lease payments	32,445	493,105	470,387	239,090	239,159
Redundancy costs	—	—	1,619,998	—	228,099
Cost of inventories recognised as an expense (including write-down of inventories)	279,024,077	305,267,263	148,107,340	88,270,819	15,531,185
Write-down of inventories (included in cost of sales)	4,212,882	14,091,861	3,598,227	7,155,130	2,718,518
Depreciation of property, plant and equipment	7,321,694	10,534,128	11,792,224	5,958,542	5,069,521
Net exchange loss (gain)	1,265,776	2,237,735	899,593	502,605	(109,329)

13. DIRECTORS' AND EMPLOYEES' REMUNERATIONS

The emoluments paid or payable to each of the directors of the Company were as follows:

Year ended 31 December 2006

	Lin Cheng Hung	Hsu Chung	Huang Lien Tsung	Lee Cheng Few	Chou Tsan Hsiung	Nguyen Duc Van	Wang Wei-Lin	Lee Ka Leung, Danie	Tung Tat Chiu, Michael	Chow Chi Tong	Liao Kuang Sheng	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
								(note b)	*(note d)*	*(note a)*	*(note c)*	
Fees	—	—	—	—	—	—	—	—	—	—	—	—
Other emoluments												
Salaries and other benefits	146,718	159,588	117,390	23,226	23,226	23,226	23,226	9,161	15,484	14,065	7,742	563,052
Bonus	75,000	75,000	41,250	—	—	—	—	—	—	—	—	191,250
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	144,516	18,065	—	—	21,678	—	—	—	—	—	184,259
Total emoluments	221,718	379,104	176,705	23,226	23,226	44,904	23,226	9,161	15,484	14,065	7,742	938,561

Year ended 31 December 2007

	Wong Chau Chi	Lin Cheng Hung	Hsu Chung	Huang Lien Tsung	Lee Cheng Few	Chou Tsan Hsiung	Nguyen Duc Van	Wang Wei-Lin	Chow Chi Tong	Liao Kuang Sheng	Shao Yi	Lin Yi Ting	Yang Yi	Li Jun	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
					(note f)						*(note j)*	*(note h)*	*(note e)*	*(note i)*	
Fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other emoluments															
Salaries and other benefits	63,742	140,156	173,916	111,209	1,935	23,226	23,226	23,226	23,226	23,226	61,452	88,762	21,290	13,548	792,140
Bonus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	190,484	—	135,922	—	—	—	—	—	—	—	190,484	—	—	—	516,890
Total emoluments	254,226	140,156	309,838	111,209	1,935	23,226	23,226	23,226	23,226	23,226	251,936	88,762	21,290	13,548	1,309,030

Year ended 31 December 2008

	Wong Chau Chi	Lin Cheng Hung	Hsu Chung	Huang Lien Tsung	Chou Tsan Hsiung	Nguyen Duc Van	Wang Wei-Lin	Chow Chi Tong	Liao Kuang Sheng	Shao Yi	Lin Yi Ting	Yang Yi	Yu Kam Kee, Lawrence	Li Jun	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
									(note k)	*(note j)*	*(note h)*		*(note l)*		
Fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other emoluments															
Salaries and other benefits	77,464	118,800	141,626	117,693	17,419	17,419	17,419	17,419	13,548	6,419	58,709	17,419	2,903	17,419	641,676
Bonus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	83,613	22,994	—	—	—	—	—	—	18,813	—	—	—	125,420
Total emoluments	77,464	118,800	225,239	140,687	17,419	17,419	17,419	17,419	13,548	6,419	77,522	17,419	2,903	17,419	767,096

Six months ended 30 June 2008 (unaudited)

	Wong Chau Chi	Lin Cheng Hung	Hsu Chung	Huang Lien Tsung	Chou Tsan Hsiung	Nguyen Duc Van	Wang Wei-Lin	Chow Chi Tong	Liao Kuang Sheng	Shao Yi	Lin Yi Ting	Yang Yi	Li Jun	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
										(note j)				
Fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other emoluments														
Salaries and other benefits	38,516	70,697	70,697	59,608	11,613	11,613	11,613	11,613	11,613	6,419	50,188	11,613	11,613	377,416
Bonus	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	83,613	22,994	—	—	—	—	—	—	18,813	—	—	125,420
Total emoluments	38,516	70,697	154,310	82,602	11,613	11,613	11,613	11,613	11,613	6,419	69,001	11,613	11,613	502,836

Six months ended 30 June 2009

	Wong Chau Chi	Lin Cheng Hung	Hsu Chung	Huang Lien Tsung	Chou Tsan Hsiung	Nguyen Duc Van	Wang Wei-Lin	Chow Chi Tong	Yang Yi	Yu Kam Kee, Lawrence	Li Jun	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
		(note m)	*(note m)*	*(note m)*		*(note m)*		*(note m)*				
Fees	—	—	—	—	—	—	—	—	—	—	—	—
Other emoluments												
Salaries and other benefits	439,394	59,400	56,033	57,931	17,419	17,419	17,419	17,419	17,419	14,516	17,419	731,788
Bonus	—	—	—	—	—	—	—	—	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—	—	—	—
Total emoluments	439,394	59,400	56,033	57,931	17,419	17,419	17,419	17,419	17,419	14,516	17,419	731,788

Notes:

(a) Appointed on 23 May 2006

(b) Resigned on 23 May 2006

(c) Appointed on 1 September 2006

(d) Resigned on 1 September 2006

(e) Appointed on 1 February 2007

(f) Resigned on 1 February 2007

(g) Appointed on 4 May 2007

(h) Appointed on 4 May 2007 and resigned on 31 July 2008

(i) Appointed on 1 June 2007

(j) Appointed on 5 June 2007 and resigned on 1 February 2008

(k) Resigned on 31 July 2008

(l) Appointed on 30 September 2008

(m) Resigned on 30 June 2009

The five highest paid individuals in the Group were three, all, three, three and four directors of the Company for the year ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 respectively and details of their emoluments are included above. The emoluments of the remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$* *(unaudited)*	*US$*
Salaries and other emoluments	208,382	—	206,658	103,742	27,323
Bonus	95,000	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	774
Share-based payments	144,516	—	118,641	81,555	—
	447,898	—	325,299	185,297	28,097

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees* *(unaudited)*	*Number of employees*
HK$nil to HK$1,000,000	—	—	1	2	1
HK$1,000,001 to HK$1,500,000	1	—	—	—	—
HK$1,500,001 to HK$2,000,000	—	—	1	—	—
HK$2,000,001 to HK$2,500,000	1	—	—	—	—
	2	—	2	2	1

During the Relevant Periods, no emoluments were paid by the Group to these five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments.

14. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Ordinary shares:					
Dividend paid	4,354,839	4,612,903	—	—	—

During the year ended 31 December 2006 and 2007, dividends of HK$2.7 cents and HK$2.86 cents per share were paid respectively, to the shareholders of the Company as the final dividends for the year ended 31 December 2005 and 2006.

No dividend was proposed during the year ended 31 December 2008, nor has any dividend been proposed since the end of the reporting period.

No dividends were paid, declared or proposed during six months ended 30 June 2008 and 2009. The directors do not recommend the payment of an interim dividend.

15. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	12,388,005	(29,778,061)	(75,093,827)	(35,024,854)	(17,385,316)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	1,250,000,000	1,250,000,000	1,444,016,393	1,306,318,681	1,617,813,398

No adjustment for share options and convertible loan notes was made in calculating diluted loss per share for the Relevant Periods as the exercise price of the Company's outstanding share options was higher than the average market price for shares for the Relevant Periods and the conversion of convertible loan notes would result in decrease in basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Construction in progress	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
COST						
At 1 January 2006	15,868,663	63,908,909	733,091	2,583,804	562,246	83,656,713
Exchange adjustments	612,295	2,465,936	28,286	99,506	21,692	3,227,715
Additions	685,681	11,663,294	348,408	2,113,908	3,879,094	18,690,385
Transfer	997,669	127,646	—	455,472	(1,580,787)	—
At 31 December 2006	18,164,308	78,165,785	1,109,785	5,252,690	2,882,245	105,574,813
Exchange adjustments	1,253,541	5,394,323	76,588	362,082	198,909	7,285,443
Additions	852,287	12,180,371	142,709	314,910	10,053,548	23,543,825
Transfer	471,894	506,241	—	6,815	(984,950)	—
Disposals	—	—	(185,257)	—	—	(185,257)
At 31 December 2007	20,742,030	96,246,720	1,143,825	5,936,497	12,149,752	136,218,824
Exchange adjustments	1,702,713	6,619,055	72,445	396,352	5,047,873	13,838,438
Additions	326,699	3,464,098	30,564	78,792	10,053,548	13,953,701
Transfer	16,283,668	10,356,528	—	—	(26,640,196)	—
Disposals	—	(13,229,397)	(404,047)	(761,590)	(492,301)	(14,887,335)
At 31 December 2008	39,055,110	103,457,004	842,787	5,650,051	118,676	149,123,628
Exchange adjustments	12,003	32,191	260	1,735	37	46,226
Additions	162,965	—	—	1,132	—	164,097
Transfer	—	—	—	117,769	(117,769)	—
Disposals	—	(5,401,643)	(255,232)	(59,225)	—	(5,716,100)
At 30 June 2009	39,230,078	98,087,552	587,815	5,711,462	944	143,617,851

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Construction in progress	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
DEPRECIATION AND IMPAIRMENT						
At 1 January 2006	2,664,236	13,626,910	277,997	1,120,018	—	17,689,161
Exchange adjustments	117,756	525,797	10,727	43,197	—	697,477
Provided for the year	846,995	5,912,574	100,535	461,590	—	7,321,694
At 31 December 2006	3,628,987	20,065,281	389,259	1,624,805	—	25,708,332
Exchange adjustments	250,441	1,238,373	26,863	112,015	—	1,627,692
Provided for the year	1,090,835	8,415,635	204,883	822,775	—	10,534,128
Impairment loss recognised	—	5,366,859	—	—	—	5,366,859
Eliminated on disposals	—	—	(165,708)	—	—	(165,708)
At 31 December 2007	4,970,263	35,086,148	455,297	2,559,595	—	43,071,303
Exchange adjustments	362,192	2,766,018	31,593	184,187	—	3,343,990
Provided for the year	1,226,191	9,583,542	183,737	798,754	—	11,792,224
Eliminated on disposals	—	(7,543,878)	(166,738)	(292,956)	—	(8,003,572)
At 31 December 2008	6,558,646	39,891,830	503,889	3,249,580	—	50,203,945
Exchange adjustments	2,073	12,400	147	1,031	—	15,651
Provided for the period	642,381	3,981,212	51,813	394,115	—	5,069,521
Eliminated on disposals	—	(2,398,160)	(140,602)	(26,487)	—	(2,565,249)
At 30 June 2009	7,203,100	41,487,282	415,247	3,618,239	—	52,723,868
CARRYING VALUES						
At 31 December 2006	14,535,321	58,100,504	720,526	3,627,885	2,882,245	79,866,481
At 31 December 2007	15,771,767	61,160,572	688,528	3,376,902	12,149,752	93,147,521
At 31 December 2008	32,496,464	63,565,174	338,898	2,400,471	118,676	98,919,683
At 30 June 2009	32,026,978	56,600,270	172,568	2,093,223	944	90,893,983

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight line basis at the following rates per annum:

Plant and buildings	5%
Machinery and equipment	10%
Motor vehicles	20%
Office and other equipment	10 - 20%

The Group has pledged property, plant and equipment having a carrying value of US$16,899,538, US$12,100,264, US$43,112,102 and US$42,636,030 to secure general banking facilities granted to the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively.

During the year ended 31 December 2007 and six months ended 30 June 2008, the directors conducted a review of the Group's manufacturing assets and determined that a number of those assets were impaired, due to operating loss. Accordingly, an impairment loss of US$5,366,859 and US$1,838,871 had been recognised in respect of machinery and equipment respectively, which were used in the Group's rigid printed circuit board assembly operating segment. The recoverable amounts of the relevant assets had been determined on the basis of their value in use. The discount rates in measuring the amounts of value in use were 7.3% and 8.5% respectively in relation to machinery and equipment. No such review conducted for the year ended 31 December 2006 and 2008 and six months ended 30 June 2009 and the impairment loss of US$1,838,871 previously recognised during the six months ended 30 June 2008 was reversed during the year ended 31 December 2008.

17. PREPAID LEASE PAYMENTS

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
The Group's prepaid lease payments comprise:				
Leasehold land in the PRC:				
Medium-term lease	2,114,339	2,254,440	1,759,209	1,740,108
Short lease	1,920,934	1,608,576	1,280,250	1,061,105
	4,035,273	3,863,016	3,039,459	2,801,213
Analysed for reporting purposes as:				
Current asset	428,794	459,233	478,213	478,359
Non-current asset	3,606,479	3,403,783	2,561,246	2,322,854
	4,035,273	3,863,016	3,039,459	2,801,213

The Group has pledged prepaid lease payments having a carrying value of US$222,134, US$701,778, US$1,759,209 and US$1,740,109 to secure general banking facilities granted to the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively.

18. AVAILABLE-FOR-SALE INVESTMENT

The available-for-sale investment represents the club debenture which is held on a long-term basis.

19. INVENTORIES

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Raw materials	20,891,534	18,145,532	1,907,883	179,266
Work-in-progress	8,559,539	5,060,438	2,423,026	—
Finished goods	19,154,528	16,763,785	2,224,007	100,575
	48,605,601	39,969,755	6,554,916	279,841

20. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Trade receivables	132,517,270	78,001,426	44,060,599	35,529,980
Less: Accumulated impairment	(3,407,964)	(9,656,240)	(34,336,067)	(34,332,732)
	129,109,306	68,345,186	9,724,532	1,197,248
Other receivables	14,010,187	17,971,115	5,048,969	5,020,837
Total trade and other receivables	143,119,493	86,316,301	14,773,501	6,218,085

The Group generally allows credit period ranged from 30 days to 150 days to its trade customers.

The analysis of the trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts as at the end of the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Trade receivables:				
0 - 30 days	44,360,145	36,963,079	2,538,902	40,989
31 - 60 days	40,696,436	11,408,044	3,631,788	36,332
61 - 90 days	25,613,542	10,015,531	3,164,949	147,076
91 - 120 days	9,341,355	6,000,617	354,604	738,628
121 - 150 days	5,134,024	1,332,570	196	48,234
151 - 365 days	3,963,804	2,625,345	34,093	185,989
	129,109,306	68,345,186	9,724,532	1,197,248

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$17,482,195, US$10,071,568, US$185,603 and US$148,242 which are past due as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
0 - 30 days	—	—	—	—
31 - 60 days	2,360,251	122,032	—	—
61 - 90 days	3,759,312	1,087,489	71,766	—
91 - 120 days	5,436,121	5,453,337	79,548	—
121 - 150 days	3,822,729	897,150	196	—
151 - 365 days	2,104,502	2,511,560	34,093	148,242
	17,482,915	10,071,568	185,603	148,242

Other than the above trade receivable which are past but not impaired, the Group has provided fully for all receivables over 365 days because historical experience is that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the impairment loss on trade receivables

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Balance at beginning of the year/period	2,037,494	3,407,964	9,656,240	34,336,067
Exchange adjustment	—	—	773,180	41,811
Amounts written off as uncollectible	—	—	—	(521,517)
Impairment loss recognised on trade receivables	1,370,470	6,248,276	23,906,647	476,371
Balance at end of the year/period	3,407,964	9,656,240	34,336,067	34,332,732

In determining the recoverability of a trade receivable, the Group consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$3,407,964, US$9,656,240, US$34,336,067 and US$34,332,732 which have either been long outstanding debts or in severe financial difficulties as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively. The Group does not hold any collateral over these balances.

Movement in the impairment loss on other receivables

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Balance at beginning of the year/period	—	—	—	2,796,747
Exchange realignment	—	—	—	21,481
Amounts written off as uncollectible	—	—	—	(63,210)
Impairment loss recognised on other receivables	—	—	2,796,747	413,937
Balance at end of the year/period	—	—	2,796,747	3,168,955

The carrying amounts of the Group's foreign currency denominated trade and other receivables at the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
United States dollar	111,789,794	68,516,056	9,910,846	1,076,152

21. PLEDGED BANK DEPOSITS/BANK BALANCES

Bank balances carry interest at market rates which range from 5.02% to 6.12%, 4.36% to 5.3%, 0.3% to 2.6% and 0.01% to 0.3% per annum for the year ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009, respectively.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits were released upon the settlement of relevant bank borrowings for the year ended 31 December 2008.

The carrying amounts of the Group's foreign currency denominated pledged bank deposits/ bank balances at the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
United States dollar	35,334,350	3,578,573	1,528,331	1,654,990

22. TRADE AND OTHER PAYABLES

The aged analysis of the trade payables as at the end of reporting date are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
Trade payables:				
0 - 90 days	78,793,089	50,314,839	5,085,382	415,208
91 - 120 days	7,422,400	8,868,217	3,228,152	182,676
121 - 180 days	3,145,673	4,744,957	6,140,602	1,941,656
181 - 365 days	1,141,744	4,215,641	10,213,272	12,211,777
Over 365 days	650,315	1,716,790	10,828,900	14,460,769
	91,153,221	69,860,444	35,496,308	29,212,086
Other payables	12,128,049	14,114,868	19,285,018	18,997,910
Total trade and other payables	103,281,270	83,975,312	54,781,326	48,209,996

The average credit period on purchases of goods is 150 days. The Group is negotiating with the Group's suppliers to reschedule the repayments.

The carrying amounts of the Group's foreign currency denominated trade and other payables at the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
United States dollar	58,205,881	43,143,356	22,752,612	19,601,419

23. AMOUNT DUE TO A RELATED COMPANY/DIRECTOR

The amount is unsecured, non-interest bearing and repayable on demand. The related company is a substantial shareholder of the Company.

During the six months ended 30 June 2009, the amount due to a related company of US$1,304,012 is reclassified to trade and other payables since the related company has ceased to be the substantial shareholder of the Company.

24. CONVERTIBLE LOAN NOTES

On 5 December 2008, the Company issued unsecured zero coupon convertible loan notes at a par value of HK$21,000,000 (equivalents to US$2,709,677) and the subscription price is HK$21,420,000 (equivalent to US$2,763,867). The convertible loan notes are denominated in Hong Kong dollar. The notes entitle the holders to convert it into ordinary shares of the Company at any time between the date of issue of the notes and their maturity date on 5 December 2010 at an initial conversion price of HK$0.10 per share (subject to anti-dilutive adjustments).

Besides those anti-dilutive adjustments, the conversion price will be adjusted and re-set every three months, being January, April, July and October, in a year during the term of the convertible loan notes remain outstanding. By this arrangement, the conversion price shall be re-set and adjusted to the lower of (a) HK$0.10 and (b) 80% of the weighted average price per share for the past 20 trading days ending at the end of each of these three month intervals, provided that the first end date falling after issue of the notes must be at least three months after the date of issues (the "Market Price Re-set"). The highest and the lowest conversion prices permitted under the Market Price Re-set shall be limited to HK$0.10 and HK$0.01 per share respectively.

On 4 May 2009, the conversion price of the convertible notes have been adjusted from HK$0.10 per share to HK$0.0292 per share according to Market Price Re-set.

On 10 June 2009, convertible loan note with principal amount of HK$6,999,970 (equivalents to US$903,226) were converted into 239,725,000 ordinary shares of HK$0.01 each of the Company.

In accordance with the convertible notes subscription agreement, the Group has defaulted the payment of bank borrowings as described in note 25 for the year ended 31 December 2008 and for the six months ended 30 June 2009 and the holders can request the Company to repay immediately at the principal amount then outstanding together with interest, if any, from the date of issue. Accordingly, the entire convertible loan notes was classified as current liability.

If the notes have not been converted before maturity date, they will be redeemed on 5 December 2010 at 125% of par value amounted to HK$26,250,000 (equivalent to US$3,387,096) and HK$17,500,000 (equivalents to US$2,258,065) as at 31 December 2008 and 30 June 2009 respectively.

The convertible notes contain two components, liability component and conversion option derivative.

The movements of convertible loan notes are set out as below:

	Liability component	**Conversion option derivative**	**Total**
	US$	*US$*	*US$*
At 1 January 2008	—	—	—
Issue during the year	2,709,838	54,029	2,763,867
Interest charge	26,651	—	26,651
As at 31 December 2008	2,736,489	54,029	2,790,518
Interest charge	83,353	—	83,353
Conversion during the period	(939,942)	(18,009)	(957,951)
As at 30 June 2009	1,879,900	36,020	1,915,920

25. BANK BORROWINGS

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
Bank borrowings	118,505,248	69,096,519	39,854,148	39,768,296
Secured (note 35)	75,036,611	60,607,418	39,842,604	39,768,296
Unsecured	43,468,637	8,489,101	11,544	—
	118,505,248	69,096,519	39,854,148	39,768,296
The maturity profile of the above bank borrowings is as follows:				
On demand or within one year	114,663,379	69,096,519	39,854,148	39,768,296
More than one year but not exceeding two years	3,841,869	—	—	—
	118,505,248	69,096,519	39,854,148	39,768,296

Bank borrowings with carrying amounts of US$1,630,000 and US$5,498,563 as at 31 December 2008 and 30 June 2009, respectively, were default. The repayment terms of the bank borrowings will be negotiated and finalised in the creditors' meeting of the Restructuring Plan.

The carrying amounts of the Group's foreign currency denominated bank borrowings at the reporting date are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
United States dollar	39,900,000	9,150,000	11,544	—

Bank borrowings were variable-rate borrowings which carried interest rate of the People's Bank of China. The ranges of effective interest rate ranging from 3.13% to 6.9%, 4.65% to 7.29% and 3.28% to 9.36% and 5.83% to 9.01% per annum for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively, and were repayable by instalments over the borrowings period.

26. SHARE CAPITAL

	Number of shares	Nominal value *HK$*	Presented as *US$*
Authorised:			
Ordinary shares of HK$0.1 each as at 1 January 2006, 31 December 2006, 2007 and 2008	5,000,000,000	500,000,000	
Adjustment to nominal value (Note ii)	—	(450,000,000)	
	5,000,000,000	50,000,000	
Subdivision (Note ii)	45,000,000,000	450,000,000	
Ordinary shares of HK$0.01 each as at 30 June 2009	50,000,000,000	500,000,000	
Issued and fully paid:			
Ordinary shares of HK$0.1 each as at 1 January 2006, 31 December 2006 and 2007	1,250,000,000	125,000,000	16,129,032
Issue of new shares (Note i)	340,000,000	34,000,000	4,387,097
Ordinary shares of HK$0.1 each as at 31 December 2008	1,590,000,000	159,000,000	20,516,129
Adjustment to nominal value (Note ii)	—	(143,100,000)	(18,464,516)
Ordinary shares of HK$0.01 each	1,590,000,000	15,900,000	2,051,613
Conversion of convertible notes (Note iii)	239,725,000	2,397,250	309,322
As at 30 June 2009	1,829,725,000	18,297,250	2,360,935

Note:

(i) On 21 May 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 250,000,000 new shares of the Company for an aggregate consideration of HK$36,500,000 (equivalent to US$4,709,679) at a subscription price of HK$0.146 per subscription share.

On 21 July 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 90,000,000 new shares of the Company for an aggregate consideration of HK$10,800,000 (equivalent to US$1,393,547) at a subscription price of HK$0.12 per subscription share.

(ii) On 19 January 2009, an extraordinary general meeting of the Company was held and the resolutions of the reorganisation of the share capital of the Company involving reduction of the authorised share capital and issued share capital by reducing the nominal value of each share in issued from HK$0.10 to HK$0.01 and cancelling paid-up capital to the extent of HK$0.09 for each issue share and the sub-division of each authorised and unissued shares of HK$0.10 each into 10 unissued shares of HK$0.01 each (the "Capital Reorganisation") were approved. The capital reduction amount as a result of the Capital Reorganisation will be transferred to a distributable reserve account of the Company.

The Capital Reorganisation became effective after the approval from the Grand Court of the Cayman Islands on 29 April 2009.

(iii) During the six months ended 30 June 2009, convertible loan notes with principal amounts of HK$6,999,970, (equivalent to US$903,226) were converted into 239,725,000 ordinary shares of HK$0.01 each in the share capital of the Company at the conversion prices of HK$0.0292 per share.

27. MERGER RESERVE

The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of GTI, a subsidiary of the Company, acquired pursuant to a group reorganisation on 5 July 2005.

28. STATUTORY RESERVE

Pursuant to the relevant regulations applicable to foreign investment enterprises established in the PRC, certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital.

29. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 5 July 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the shares of the Company in issue on 10 October 2005 ("General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

As at 31 December 2007, 31 December 2008 and 30 June 2009, the total number of shares available for issue in respect thereof is 125,000,000 shares, representing 10% of the total issued shares on 10 October 2005.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

Details of the share options granted and outstanding under the Share Option Scheme during the Relevant Periods were as follows:

Category	Date of grant	Exercise price HK$	Vesting period	Exercise period	Number of share options: Outstanding at 1/1/2007	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31/12/2007 and 1/1/2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2008 and 1/1/2009	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30/6/2009
Directors																	
Wong Chau Chi	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	–	12,500,000	–	–	12,500,000	–	–	–	12,500,000	–	–	–	12,500,000
*Shao Yi	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	–	12,500,000	–	–	12,500,000	–	–	–	12,500,000	–	–	–	12,500,000
Hsu Chung	27 December 2007	0.52	27 December 2007 to 7 January 2008	8 January 2008 to 6 January 2011	–	12,500,000	–	–	12,500,000	–	–	–	12,500,000	–	–	(12,500,000)	–
Total directors					–	37,500,000	–	–	37,500,000	–	–	–	37,500,000	–	–	(12,500,000)	25,000,000
Consultants	24 January 2007	0.475	24 January 2007 to 23 July 2007	24 July 2007 to 23 January 2010	–	37,500,000	–	–	37,500,000	–	–	–	37,500,000	–	–	–	37,500,000
Employees	10 August 2007	0.49	10 August 2007 to 9 August 2008	10 August 2008 to 9 August 2011	–	2,333,333	–	–	2,333,333	–	–	(2,333,333)	–	–	–	–	–
			10 August 2007 to 9 August 2009	10 August 2009 to 9 August 2011	–	2,333,333	–	–	2,333,333	–	–	(2,333,333)	–	–	–	–	–
			10 August 2007 to 9 August 2010	10 August 2010 to 9 August 2011	–	2,333,334	–	–	2,333,334	–	–	(2,333,334)	–	–	–	–	–
					–	7,000,000	–	–	7,000,000	–	–	(7,000,000)	–	–	–	–	–
Employee	23 August 2007	0.47	23 August 2007 to 22 August 2008	23 August 2008 to 22 August 2011	–	3,333,333	–	–	3,333,333	–	–	–	3,333,333	–	–	(3,333,333)	–
			23 August 2007 to 22 August 2009	23 August 2009 to 22 August 2011	–	3,333,333	–	–	3,333,333	–	–	–	3,333,333	–	–	–	3,333,333
			23 August 2009 to 22 August 2010	23 August 2010 to 22 August 2011	–	3,333,334	–	–	3,333,334	–	–	–	3,333,334	–	–	–	3,333,334
					–	10,000,000	–	–	10,000,000	–	–	–	10,000,000	–	–	(3,333,333)	6,666,667
Total					–	92,000,000	–	–	92,000,000	–	–	(7,000,000)	85,000,000	–	–	(15,833,333)	69,166,667

* *Mr. Shao Yi resigned on 1 February 2008 and became the consultants of the Group after resignation.*

No option has been granted under Share Option Scheme from the date of adoption of the scheme up to 31 December 2006.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The estimated fair value of the options on the grant date was HK$11,386,000 (equivalent to US$1,469,161). The fair value for share options granted during the year ended 31 December 2007 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2007
Grant date share price	HK$0.28 - HK$0.49
Exercise price	HK$0.47 - HK$0.52
Expected volatility (Note)	50.73% - 64.04%
Expected life	2.5 - 3.5 years
Expected dividend yield	7.29% - 8.62%
Risk-free rate of interest	3.67% - 4%

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group has recognised total expenses in profit or loss of approximately US$1,176,000, US$122,000, US$92,000 and US$26,000 related to the share options granted for the year ended 31 December 2007 and 2008 and the six months ended 30 June 2008 and 2009, respectively.

30. CAPITAL RESERVE

Capital reserve represents of the capital contribution from the controlling shareholder of the Company through the shares granted by the controlling shareholders to the employees of the Company. During the years ended 31 December 2006 and 2008, a controlling shareholder of the Company bestowed 15,000,000 and 26,600,000 ordinary shares in the Company to several employees of the Company respectively. The market price per share of the Company at the date of grant was HK$0.56 and HK$0.162 respectively. This transaction has been accounted for an equity-settled share-based payment transaction and the Company measured the services rendered, and the corresponding increase in equity, by reference to the fair value of the shares given at the grant date. The Group has recognised total expenses of US$1,083,871, US$556,026 and US$556,026 during the year ended 31 December 2006 and 2008 and the six months period ended 30 June 2008, respectively.

31. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2008, proceeds from disposal of property, plant and equipment with aggregate amount of US$342,573 was offset with other payables.

During the six months ended 30 June 2009, proceeds from disposal of property, plant and equipment will aggregate amount of US$2,467,662 was offset with other payables.

32. MATERIAL LITIGATION

As at 31 December 2008 and 30 June 2009, subsidiaries of the Company have been named as defendants in several PRC court actions in respect of default payment of payable to suppliers and creditors for an aggregate amount of approximately US$26,960,000 and US$17,146,000 respectively. The claimed amounts were fully provided in the Financial Information.

33. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases was US$351,984, US$301,771 and US$346,510 and US$180,628 and US$92,860 for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 respectively.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
Within one year	245,895	243,881	175,294	21,428
In the second to fifth year inclusive	207,334	158,661	24,433	—
	453,229	402,542	199,727	21,428

Operating lease payments represent rentals payable by the Group for its factories and staff quarters. Lease terms are negotiated for a term ranged from one to five years with fixed rentals.

The Group as lessor

Property rental income earned during the year ended 31 December 2006 and 2007 was US$7,684 and US$13,690 respectively. The properties held for rental purpose had committed tenants for a term ranged from one to two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments, which fall due:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
Within one year	7,684	13,690	—	—
In the second to fifth year inclusive	10,245	13,690	—	—
	17,929	27,380	—	—

34. CAPITAL COMMITMENTS

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Financial Information	12,696,171	12,911,502	472,720	4,508

35. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks to secure the general banking facilities granted to the Group:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	US$	*US$*	*US$*	*US$*
Property, plant and equipment	16,899,538	12,100,264	43,112,102	42,636,030
Prepaid lease payments	222,134	701,778	1,759,209	1,740,109
Trade receivables	49,529,551	22,185,743	—	—
Bank deposits	13,517,139	8,597,630	—	—

36. RETIREMENT BENEFIT SCHEME

In accordance with the relevant PRC rules and regulations, the PRC subsidiaries are required to establish defined contribution plans managed by the relevant local government bureau in the PRC and to make contributions to the plan for its eligible employees. The contribution borne by the Group is calculated according to the level regulated by the municipal government.

The total cost charged to profit or loss of US$1,247,980, US$1,237,301, US$752,896 US$382,278 and US$117,026 represents contributions payable to this scheme by the Group in respect of the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009. As at 31 December 2006, 2007 and 2008 and 30 June 2009, contributions of US$386,052, US$314,756, US$341,642 and US$89,395 due in respect of the reporting period had not been paid over to the scheme respectively.

37. RELATED PARTY DISCLOSURES

Save as disclosed above for those related party balances at the end of the reporting period, the Group had the following significant transactions with related parties during the Relevant Periods:

Name of related parties	Nature of transactions	Year ended 31 December 2006	2007	2008	Six months ended 30 June 2008	2009
		US$	*US$*	*US$*	*US$* (unaudited)	*US$*
Mr. Lin Cheng Hung, a director	Rental paid	7,684	—	—	—	—
Mr. Hsu Chung, a director	Rental paid	20,554	23,738	20,863	11,109	—
Chi Capital Partners Limited	Rental paid	—	9,806	58,839	29,419	29,419
	Consultancy fee paid	—	10,323	61,935	30,968	30,968
Vertex Precision Electronics Inc.	Purchase of materials	—	—	1,287,991	—	—
	Purchase of machineries and equipments	—	1,773,000	—	—	—

In addition to above, for the year ended 31 December 2008 and the six months ended 30 June 2009, a property held by Mr. Wong Chau Chi was occupied by a subsidiary for nil consideration.

Chi Capital Partners Limited is beneficially owned by Mr. Wong Chau Chi, a director of the Company.

Vertex Precision Electronics Inc. is a substantial shareholder of the Company.

Compensation of key management personnel

The remuneration of directors of the Company during the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Short-term benefits	754,302	782,119	641,676	377,416	731,788
Post-employment benefits	—	10,021	—	—	—
Share-based payments	184,259	516,890	125,420	125,420	—
	938,561	1,309,030	767,096	502,836	731,788

The emoluments of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

Shares are granted by the controlling shareholder of the Company to several members of key management during the year, details of which were disclosed in note 30.

Share options were granted to general members of key management for the year ended 31 December 2007 as set out in note 29.

B. SUBSEQUENT EVENTS

On 30 July 2009, the Group entered into a conditional sale and purchase agreement to dispose of the entire equity interest in Global Flex (Suzhou) Plant II and certain plant and equipment of Global Flex (Suzhou) at an aggregate consideration of RMB199.5 million (equivalent to US$29.2 million). After the completion of Transaction, the Group will discontinue the production of flexible printed circuit boards and flexible printed circuit boards assembly ("Discontinued Business") and the Transaction has not yet been completed at the date of the approval of the Circular.

(i) Included in the consolidated statements of financial position of the Group are the following balances of the assets and liabilities attributable to the Discontinued Business as at 31 December 2006, 2007 and 2008 and 30 June 2009:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	US$	*US$*	*US$*	*US$* *(note)*
Property, plant and equipment	36,154,837	51,553,498	65,169,009	52,211,879
Prepaid lease payments	1,535,605	2,040,691	2,017,367	1,609,090
Deposits paid for acquisition of property, plant and equipment	2,329,104	2,351,482	76,525	—
Inventories	29,411,790	19,351,448	6,475,925	237,748
Trade and other receivables	81,178,637	47,066,597	11,950,158	4,409,573
Pledged bank deposits	2,516,246	—	—	—
Bank balances and cash	8,688,291	2,926,388	37,880	33,367
Total assets	161,814,510	125,290,104	85,726,864	58,501,657
Total liability				
Trade and other payables	60,618,788	52,546,379	41,249,402	36,330,199

Note:

	Assets and liabilities attributable to the Discontinued Business as at 30 June 2009	**Less: Assets and liabilities will be retained by the Group after the Transaction**	**Assets and liabilities attributable to Global Flex (Suzhou) Plant II and plant and equipment of Global Flex (Suzhou) to be disposed of**
	US$	*US$*	*US$*
Property, plant and equipment	52,211,879	—	52,211,879
Prepaid lease payments	1,609,090	592,820	1,016,270
Inventories	237,748	237,748	—
Trade and other receivables	4,409,573	4,392,427	17,146
Bank balances and cash	33,367	—	33,367
Total assets	58,501,657	5,222,995	53,278,662
Total liability			
Trade and other payables	36,330,199	26,157,096	10,173,103

(ii) Included in the consolidated statements of comprehensive income of the Group are the following results attributable to the Discontinued Business during each of the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
Revenue	184,710,181	168,123,188	81,390,224	44,005,500	3,276,808
Cost of sales	(154,359,378)	(156,705,918)	(85,971,589)	(45,492,997)	(10,062,796)
Other income	302,083	183,875	1,453	—	25
Distribution and selling expenses	(4,484,543)	(4,526,353)	(1,956,649)	(1,730,653)	(186,046)
Administrative expenses	(230,835)	(1,954,398)	(1,831,686)	(818,106)	(490,573)
Impairment loss on trade and other receivables	(801,305)	(323,602)	(10,387,163)	(4,577,393)	—
Profit (loss) before taxation	25,136,203	4,796,792	(18,755,410)	(8,613,649)	(7,462,582)

(iii) Included in the consolidated statements of cash flows of the Group are the following cash flows attributable to the Discontinued Business for each of the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	25,136,203	4,796,792	(18,755,410)	(8,613,649)	(7,462,582)
Adjustments for:					
Impairment loss on trade and other receivables	801,305	323,602	10,387,163	4,577,393	—
Write-down of inventories	2,550,080	7,078,583	—	—	2,309,606
Depreciation of property, plant and equipment and release of prepaid lease payments	3,334,093	4,554,775	5,678,791	3,014,069	2,301,102
Operating cash flows before movements in working capital	31,821,681	16,753,752	(2,689,456)	(1,022,187)	(2,851,874)

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
(Increase) decrease in inventories	(12,023,343)	2,981,759	12,875,523	10,488,928	3,928,571
(Increase) decrease in trade and other receivables	(48,567,053)	33,788,438	24,729,276	19,817,041	7,540,585
Increase (decrease) in trade and other payables	27,262,303	(8,072,409)	(11,296,977)	(19,359,634)	(4,919,203)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(1,506,412)	45,451,540	23,618,366	9,924,148	3,698,079
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(8,476,560)	(11,017,433)	(10,652,291)	(2,199,414)	(87,572)
Decreased in pledged bank deposits	2,181,193	2,561,246	—	—	—
NET CASH USED IN INVESTING ACTIVITIES	(6,295,367)	(8,456,187)	(10,652,291)	(2,199,414)	(87,572)
	(7,801,779)	36,995,353	12,966,075	7,724,734	3,610,507

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION

I. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following is the unaudited pro forma consolidated statement of financial position of the Group assuming that the Group had disposed of the Equity Interest and the Assets on 30 June 2009. The unaudited pro forma consolidated statement of financial position was prepared based on the Group's audited consolidated statement of financial position as at 30 June 2009 as set out in the accountants' report on financial information of the Group in Appendix I to this circular.

This unaudited pro forma consolidated statement of financial position was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Group as at 30 June 2009 or any future date.

	Unadjusted audited consolidated statement of financial position of the Group as at 30 June 2009	Pro Forma Adjustments				Adjusted unaudited pro forma consolidated statement of financial position of the Remaining Group
		Note 1	Note 2	Note 3	Note 4	
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
NON-CURRENT ASSETS						
Property, plant and equipment	90,893,983		(27,731,286)		(24,480,593)	38,682,104
Prepaid lease payments — non-current portion	2,322,854		(994,609)			1,328,245
Interest in an associate	—			3,724,993		3,724,993
Available-for-sale investment	26,661					26,661
	93,243,498					43,762,003
CURRENT ASSETS						
Inventories	279,841					279,841
Trade and other receivables	6,218,085		(17,146)			6,200,939
Prepaid lease payments — current portion	478,359		(21,661)			456,698
Bank balances and cash	2,760,577		(33,367)	4,917,673	172,099	7,816,982
	9,736,862					14,754,460

	Unadjusted audited consolidated statement of financial position of the Group as at 30 June 2009	Pro Forma Adjustments Note 1	Note 2	Note 3	Note 4	Adjusted unaudited pro forma consolidated statement of financial position of the Remaining Group
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
CURRENT LIABILITIES						
Trade and other payables	48,209,996	(28,292,886)	(10,173,103)		(3,984,828)	5,759,179
Amount due to a director	200,655					200,655
Tax liabilities	177,971					177,971
Bank borrowings — due within one year	39,768,296	(23,639,822)		(10,245,152)	(5,883,322)	—
Convertible loan notes	1,915,920					1,915,920
	90,272,838					8,053,725
NET CURRENT (LIABILITIES) ASSETS	(80,535,976)					6,700,735
TOTAL ASSETS LESS CURRENT LIABILITIES	12,707,522					50,462,738
NON CURRENT LIABILITIES						
Bank borrowings — due after one year	—	24,491,829				24,491,829
Other payables	—	11,837,743				11,837,743
	—					36,329,572
	12,707,522					14,133,166
CAPITAL AND RESERVES						
Share capital	2,360,935					2,360,935
Reserves	10,346,587	15,603,136		262,852	(14,440,344)	11,772,231
TOTAL EQUITY	12,707,522					14,133,166

Notes:

1. The adjustment reflects the gain on waiver with unsecured creditors of US$15,603,136 and the deferral of certain debts comprising bank borrowings and accrued interest of US$24,491,829 and other payables of US$11,837,743 to one to three years, assuming that the Restructuring Plan had been approved and completed on 30 June 2009 which is one of the conditions precedent to the disposal of the Equity Interest and the Assets.

2. The adjustment reflects the exclusion of assets and liabilities attributable to Jiamao from the consolidated statement of financial position of the Group as at 30 June 2009, assuming that the disposal had taken place on 30 June 2009.

3. As provided in the Share Sale Agreement, the total consideration for the sale of the Equity Interest amounted to US$18,953,531 comprised of (i) cash proceeds of approximately RMB 33.6 million (equivalent to US$4,917,673); (ii) RMB25.9 million (equivalent to US$3,790,706) by the way of the allotment and issue of such number of new ordinary shares of the Purchaser, equivalent to 20% of the enlarged issued share capital of the Purchaser as at Completion of Share Sale Agreement and Asset Sale Agreement, of which the investment in the ordinary shares of the Purchaser will be accounted for as interest in an associate; and (iii) bank borrowings repayment of RMB 70 million (equivalent to US$10,245,152) by the Purchaser directly to the Key Lending Banks.

   The estimated gain of US$262,852 is calculated by deducting the net assets value of Jiamao of approximately US$18,624,966 from the consideration of approximately US$18,953,531 and the unrealised gain in disposal of Jiamao of US$65,713 was included in interest in an associate. The final amount of consideration is subject to the carrying amount of assets and liabilities of the Jiamao at the date of completion and the gain on the disposal may be different from the amount described above.

4. The adjustment reflects the exclusion of the Assets as if the disposal of the Assets had taken place on 30 June 2009.

   As provided in Asset Sale Agreement, the cash consideration for the Assets Sales is RMB 70 million (equivalent to US$10,245,152) which could be used to repay the oustanding debt as directed by the Administrators in accordance with the Restructuring Plan and comprising the repayment of trade payables in amount of US$3,984,828 and bank borrowings in the amount of US$5,883,322. The related value-added-tax for disposal of the Assets amounted to US$204,903 would be paid accordingly.

   The loss on disposal of the Assets of US$14,440,344 is the difference between (i) the carrying amounts of the Assets amounted to US$24,480,593; (ii) the related value-added-tax for disposal of the Assets amounted to US$204,903 and (iii) the sale proceeds of RMB 70 million (equivalent to US$10,245,152).

II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following is the unaudited pro forma consolidated statement of comprehensive income of the Group assuming that the Group had disposed of the Equity Interest and the Assets on 1 January 2008. The unaudited pro forma consolidated statement of comprehensive income was prepared based on the Group's audited consolidated statement of comprehensive income for the year ended 31 December 2008 as set out in the accountants' report on financial information of the Group in Appendix I to this circular.

This unaudited pro forma consolidated statement of comprehensive income was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Group for the year ended 31 December 2008 or any future period.

	Unadjusted audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2008	**Pro forma adjustments**				**Adjusted unaudited pro forma consolidated statement of comprehensive income of the Remaining Group**
		Note 1	**Note 2**	**Note 3**	**Note 4**	
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Revenue	119,336,692		(81,390,224)			37,946,468
Cost of sales	(148,107,340)		85,971,589			(62,135,751)
Gross loss	(28,770,648)					(24,189,283)
Other income	4,593,155		(1,453)			4,591,702
Distribution and selling expenses	(3,354,342)		1,956,649			(1,397,693)
Administrative expenses	(13,133,779)		1,831,686			(11,302,093)
Impairment loss on trade and other receivables	(26,703,394)		10,387,163			(16,316,231)
Gain on debt restructuring	—	7,420,598				7,420,598
Gain on disposal of a subsidiary	—			271,440		271,440
Loss on disposal of property, plant and equipment	(3,434,886)			(16,182,695)		(19,617,581)
Share of loss of an associate	—				(1,462,620)	(1,462,620)
Finance costs	(4,723,540)	(163,758)			1,911,557	(2,975,741)
Loss before taxation	(75,527,434)					(64,977,502)
Income tax credit	433,607					433,607
Loss for the year	(75,093,827)					(64,543,895)
Other comprehensive income						
Exchange differences arising on translation	5,471,512				(2,985,437)	2,486,075
Total comprehensive income and expense for the year	(69,622,315)					(62,057,820)

Notes:

1. The adjustment reflects (i) the gain on waiver with unsecured creditors of US$7,420,598 and (ii) the increase in finance costs due to the deferral of repayment of other payables, assuming that the Restructuring Plan had been approved and completed on 1 January 2008 which is one of the conditions precedent to the disposal of the Equity Interest and the Assets.

2. Pursuant to Asset Sale Agreement, the Group is required to discontinue the manufacture and trading of flexible printed circuit boards and flexible printed circuit boards assembly (the "Discontinued Business"). The adjustment reflects the exclusion of result of the Discontinued Business including result of Jiamao and income and expense generated from the Assets.

3. The adjustment reflects the recognition of the gain on disposal of Jiamao of US$271,440, which is calculated as the difference between the net assets value of Jiamao of approximately US$17,389,255 as at 1 January 2008, the unrealised gain on disposal of Jiamao of US$67,860 and the consideration of approximately US$17,728,555 and the loss on disposal of the Assets of US$16,182,695 which is calculated as the difference between the carrying amounts of the Assets disposed of amounted to US$25,574,037 as at 1 January 2008, the related value-added-tax amounted to US$191,660 and the sale proceeds of RMB70 million (equivalent to US$9,583,002), as if the disposal of Jiamao and the Assets had taken place on 1 January 2008.

4. The adjustment reflects (i) the decrease in finance costs due to the repayment of bank borrowings pursuant to Share Sale Agreement, Asset Sale Agreement and the Restructuring Plan; (ii) the share of loss of the Purchaser as the Group has accounted for the 20% interest in the Purchaser as interest in an associate; and (iii) the reversal of exchange difference arising on translation of Jiamao and the Assets, as if the disposal of Jiamao and the Assets had taken place on 1 January 2008.

5. The exchange rates of US$1 = RMB6.9483 and US$1 = RMB7.3046 for the year ended 31 December 2008 and as at 1 January 2008 respectively.

III. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the unaudited pro forma consolidated statement of cash flows of the Group assuming that the Group had disposed of the Equity Interest and the Assets on 1 January 2008. The unaudited pro forma consolidated statement of cash flows was prepared based on the Group's audited consolidated statement of cash flows for the year ended 31 December 2008 as set out in the accountants' report of the Group in Appendix I to this circular.

This unaudited pro forma consolidated statement of cash flows was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flows of the Group for the year ended 31 December 2008 or any future period.

	Unadjusted audited consolidated statement of cash flows of the Group for the year ended 31 December 2008	Pro forma adjustments				Adjusted unaudited pro forma consolidated statement of cash flows of the Remaining Group
		Note 1	Note 2	Note 3	Note 4	
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
OPERATING ACTIVITIES						
Loss before taxation	(75,527,434)	10,549,932				(64,977,502)
Adjustments for:						
Impairment loss on trade and other receivables	26,703,394	(10,387,163)				16,316,231
Write-down of inventories	3,598,227					3,598,227
Release of prepaid lease payments	470,387	(195,925)				274,462
Finance costs	4,723,540	(1,747,799)				2,975,741
Interest income	(208,421)					(208,421)
Depreciation of property, plant and equipment	11,792,224	(5,482,866)				6,309,358
Share of loss of an associate	—	1,462,620				1,462,620
Share-based payments expenses	678,223					678,223
Loss on disposal of property, plant and equipment	3,434,886	16,182,695				19,617,581
Gain on debt restructuring	—	(7,420,598)				(7,420,598)
Gain in disposal of a subsidiary	—	(271,440)				(271,440)
Gain on disposal of prepaid lease payments	(18,734)					(18,734)

	Unadjusted audited consolidated statement of cash flows of the Group for the year ended 31 December 2008	Pro forma adjustments				Adjusted unaudited pro forma consolidated statement of cash flows of the Remaining Group
		Note 1	Note 2	Note 3	Note 4	
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Operating cash flows before movements in working capital	(24,353,708)					(21,664,252)
Decrease in inventories	29,816,612		(12,875,523)			16,941,089
Decrease in trade and other receivables	45,726,788		(24,729,276)			20,997,512
Decrease in trade and other payables	(31,876,891)		11,296,977		(3,727,287)	(24,307,201)
Increase in amount due to a related company	1,524,012					1,524,012
Cash generated from (used in) operations	20,836,813					(6,508,840)
Income tax refund	160,662					160,662
NET CASH FROM (USED IN) OPERATING ACTIVITIES	20,997,475					(6,348,178)
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(11,315,881)		10,652,291			(663,590)
Decrease in pledged bank deposits	8,597,630					8,597,630
Disposal of a subsidiary	—			1,673,453		1,673,453
Proceeds from disposal of property, plant and equipment	3,106,304				9,391,342	12,497,646
Proceeds from disposal of prepaid lease payments	619,731					619,731
Interest received	208,421					208,421
NET CASH FROM INVESTING ACTIVITIES	1,216,205					22,933,291

	Unadjusted audited consolidated statement of cash flows of the Group for the year ended 31 December 2008	Pro forma adjustments				Adjusted unaudited pro forma consolidated statement of cash flows of the Remaining Group
		Note 1	Note 2	Note 3	Note 4	
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
FINANCING ACTIVITIES						
New bank borrowings raised	99,746,289					99,746,289
Repayment of bank borrowings	(133,111,047)				(5,411,366)	(138,522,413)
Interest paid	(4,696,889)	1,747,799				(2,949,090)
Share issue expenses	(32,462)					(32,462)
Proceeds from issue of shares	6,103,226					6,103,226
Proceeds from issuance of convertible loan notes	2,763,867					2,763,867
Advance from a director	804,665					804,665
NET CASH USED IN FINANCING ACTIVITIES	(28,422,351)					(32,085,918)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,208,671)					(15,500,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	10,856,313					10,856,313
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	980,151					980,151
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	5,627,793					(3,664,341)

Notes:

1. The adjustment reflects the adjustments in the consolidated statement of comprehensive income and relevant adjustments on non-cash items in relation to the disposal of Equity Interest and the Assets and Discontinued Business, decrease in finance costs paid due to the repayment of bank borrowings and increase in finance cost paid due to the deferral of repayment of other payables pursuant to the Share Sale Agreement, Asset Sale Agreement and the Restructuring Plan as if the disposal had taken place on 1 January 2008.

2. The adjustment reflects the exclusion of the movements in working capital and cash flows from the Discontinued Business, as if the disposal had taken place on 1 January 2008.

3. The adjustment represents the net cash inflow from disposal of Jiamao with sale proceeds of approximately RMB33.6 million (equivalent to US$4,599,841) and cash and cash equivalents at beginning of the year of US$2,926,388 as if the disposal had taken place on 1 January 2008.

4. The adjustment represents cash proceeds from disposal of the Assets amounting to RMB70 million (equivalent to US$9,583,002), as if the disposal had taken place on 1 January 2008 and the proceeds would be used to repay the outstanding debt as directed by the Administrators in accordance with the Restructuring Plan and comprising the repayment of other payables in amount of US$3,727,287 and bank borrowings in amount of US$5,411,366. The related value-added-tax for disposal of the Assets amounted to US$191,660 would be paid accordingly.

5. The exchange rates of US$1 = RMB6.9483 and US$1 = RMB 7.3046 for the year ended 31 December 2008 and as at 1 January 2008 respectively.

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ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF GLOBAL FLEX HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Global Flex Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how a very substantial disposal transaction, might have affected the financial information of the Group presented, for inclusion in Appendix II to the Circular dated 8 September 2009 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages II-1 to II-9 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 (7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 30 June 2009 or any future date; or
- the results and cash flows of the Group for the year ended 31 December 2008 or any future period.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 September 2009

1. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

FOR THE YEAR ENDED 31 DECEMBER 2006

Business and Financial Review

The Remaining Group's turnover was mainly from its RPCB business. For the year ended 31 December 2006, the Remaining Group recorded a turnover of approximately US$130.8 million, representing an increase of approximately 115.3% over the turnover for the year ended 31 December 2005. The increase in turnover was mainly attributable to i) significant increase in demand from existing customers and ii) the development of the market for modules and supporting finished products for mobile phone and digital camera products in the year.

The Remaining Group's gross margin for the year ended 31 December 2006 was approximately 5.3%. Compared with year 2005, there was a decrease in the gross profit margin, which was largely attributable due to an increase in overall raw material costs as a result of higher product component costs and increase in scrap rate of the new products.

Net profit of the Remaining Group increased by approximately 164.5% for the year ended 31 December 2006 as compared with the previous year's. The increase in net profit was mainly driven by increase in gross profit.

Liquidity and Financial Resources

The Remaining Group financed its operations and capital expenditures mainly with internally generated funds and bank borrowings.

As at 31 December 2006, the Remaining Group had cash and bank balances of approximately US$38.1 million and bank borrowings of approximately US$118.5 million. The Remaining Group's gearing ratio (total borrowings divided by total assets) was approximately 0.37 time as at 31 December 2006.

Capital Structure

There was no change in the capital structure of the Remaining Group in year 2006.

Future Plans relating to Material Investment or Capital Asset

As at 31 December 2006, the Remaining Group did not enter into any agreement in respect of any proposed acquisitions and did not have any future plans relating to material investment or capital asset.

Charge on Assets

As at 31 December 2006, the Remaining Group pledged its property, plant and equipment of approximately US$16.9 million, prepaid lease payments of approximately US$0.2 million, trade receivables of approximately US$49.5 million and bank deposits of approximately US$13.5 million to secure its bank borrowings.

Contingent Liabilities

As at 31 December 2006, the Remaining Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2006, the Remaining Group had no expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment.

Foreign Exchange Exposure

Most of the assets and liabilities of the Remaining Group and the Remaining Group's sales and purchases were denominated in US dollar and RMB. The US$ dollar sales and purchases substantially hedged the risks of transactions in foreign currency and the Remaining Group did not make any other hedging arrangement during the year.

Employees and Remuneration Policy

The Remaining Group remunerated its employees with respect to its employment terms, individual performance and the prevailing industry practice. Its remuneration packages were reviewed on a periodical basis to ensure that it is maintained at a competitive level. As at 31 December 2006, the Remaining Group had headcounts of approximately 3,600.

FOR THE YEAR ENDED 31 DECEMBER 2007

Business and Financial Review

The Remaining Group's turnover was mainly from its RPCB business. For the year ended 31 December 2007, the Remaining Group recorded a turnover of approximately US$143.5 million, representing a rise of approximately 9.6% over the turnover for the year ended 31 December 2006. The increase in turnover was mainly attributable to increase in demand from the customrs.

The Remaining Group's gross loss margin for the year ended 31 December 2007 was approximately 3.5%. The change from gross profit margin in year 2006 to gross loss margin in year 2007 was mainly attributable to the following:

1. increase in labour costs and manufacturing overhead due to the inflation in the PRC and the appreciation of RMB to US dollar during the year;

2. increase in raw material costs due to continuous rise in petroleum and metal prices during the year; and

3. decrease in demand from the major customers.

Results of the Remaining Group dropped from a profit of approximately US$5.4 million in year 2006 to a loss of approximately US$1.9 million in year 2007. The weakening in the Remaining Group's result was mainly due to decrease in gross profit and significant increase in impairment loss in trade and other receivables.

Liquidity and Financial Resources

The Remaining Group financed its operations and capital expenditures mainly with internally generated funds and bank borrowings.

As at 31 December 2007, the Remaining Group had cash and bank balances of approximately US$7.9 million and bank borrowings of approximately US$69.1 million. The Remaining Group's gearing ratio (total borrowings divided by total assets) was approximately 0.31 time as at 31 December 2007.

Capital Structure

There was no change in the capital structure of the Remaining Group in year 2007.

Future Plans relating to Material Investment or Capital Asset

As at 31 December 2007, the Remaining Group did not enter into any agreement in respect of any proposed acquisitions and did not have any future plans relating to material investment or capital asset.

Charge on Assets

As at 31 December 2007, the Remaining Group pledged its property, plant and equipment of approximately US$12.1 million, prepaid these lease payments of approximately US$0.7 million, trade receivables of approximately US$22.2 million and bank deposits of approximately US$8.6 million to secure its bank borrowings.

Contingent Liabilities

As at 31 December 2007, the Remaining Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2007, the Remaining Group had no expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment.

Foreign Exchange Exposure

The Remaining Group's sales and purchases were denominated in US dollar and RMB. The US$ dollar sales and purchases substantially hedged the risks of transactions in foreign currency and the Remaining Group did not make any other hedging arrangement during the year.

Employees and Remuneration Policy

The Remaining Group remunerated its employees with respect to its employment terms, individual performance and the prevailing industry practice. Its remuneration packages were reviewed on a periodical basis to ensure that it is maintained at a competitive level. As at 31 December 2007, the Remaining Group had headcounts of approximately 3,000.

FOR THE YEAR ENDED 31 DECEMBER 2008

Financial and Business Review

The Remaining Group's turnover was from its RPCB business. For the year ended 31 December 2008, the Remaining Group recorded a turnover of approximately US$37.9 million, representing a significant drop of approximately 73.6% over the turnover for the year ended 31 December 2007. The decrease in turnover was mainly attributable to i) the continued drop in market share of a major customer and ii) further tightening of the Remaining Group's credit facilities by the banks which weakened the Remaining Group's liquidity to purchase of raw materials.

During the year, the Remaining Group had a gross loss margin of approximately US$63.7%. Recording a gross loss and a gross loss margin in the year was mainly attributable to the following:

1. tightening of the Remaining Group's credit facilities by banks. The Remaining Group thus had lesser working capital to meet the payment schedule of its purchase orders to its suppliers. As a result, the unconcluded purchase orders increased and the turnover decreased accordingly;

2. increase in the labour cost and manufacturing overhead due to the inflation in the PRC and the appreciation of RMB to US dollar during the year;

3. decrease in production capacity; and

4. reselling the raw material at lower price due to insufficient purchase orders made by customers.

Net loss of the Remaining Group increased by approximately 1,038.5% for the year ended 31 December 2008 as compared with the previous year's. The increase in net loss was mainly due to recording the gross loss and increase in the impairment loss on trade and other receivables.

Liquidity and Financial Resources

The Remaining Group financed its operations and capital expenditures mainly with internally generated funds, bank borrowings and debt financing.

As at 31 December 2008, the Remaining Group had cash and bank balances of approximately US$5.6 million and bank borrowings of approximately US$39.9 million.

On 5 December 2008, the Company issued unsecured zero coupon convertible loan notes at a par value of HK$21 million (equivalents to approximately US$2.7 million) and the subscription price was HK$21.4 million (equivalent to approximately US$2.8 million). The convertible loan notes were denominated in Hong Kong dollar. The notes entitle the holders to convert it into the Shares at any time between the date of issue of the notes and their maturity date on 5 December 2010 at an initial conversion price of HK$0.10 per share (subject to adjustments).The Remaining Group's gearing ratio (total borrowings divided by total assets) was approximately 0.42 time as at 31 December 2008.

Capital Structure

On 21 May 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 250,000,000 new Shares for an aggregate consideration of HK$36,500,000 (equivalent to US$4,709,679) at a subscription price of HK$0.146 per Share.

On 21 July 2008, the Company entered into another subscription agreement with subscribers for the subscription of an aggregate 90,000,000 new Shares for an aggregate consideration of HK$10,800,000 (equivalent to US$1,393,547) at a subscription price of HK$0.12 per Share.

Future Plans relating to Material Investment or Capital Asset

As at 31 December 2008, the Remaining Group did not enter into any agreement in respect of any proposed acquisitions and did not have any future plans relating to material investment or capital asset.

Charge on Assets

As at 31 December 2008, the Remaining Group pledged its property, plant and equipment of approximately US$15.5 million and prepaid lease payments of approximately US$0.7 million to secure its bank borrowings.

Contingent Liabilities

As at 31 December 2008, the Remaining Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2008, the Remaining Group had no expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment.

Foreign Exchange Exposure

The Remaining Group's sales and purchases were denominated in US dollar and RMB. The US$ dollar sales and purchases substantially hedged the risks of transactions in foreign currency and the Remaining Group did not make any other hedging arrangement during the year.

Employees and Remuneration Policy

The Remaining Group remunerated its employees with respect to its employment terms, individual performance and the prevailing industry practice. Its remuneration packages were reviewed on a periodical basis to ensure that it is maintained at a competitive level. As at 31 December 2008, the Remaining Group had headcounts of approximately 1,500.

FOR THE SIX MONTHS ENDED 30 JUNE 2008

Financial and Business Review

For the six months ended 30 June 2008, the Remaining Group's turnover was from its RPCB business. The Remaining Group recorded a turnover of approximately US$25 million, representing a significant drop of approximately 65.1% over the turnover for the six months ended 30 June 2007. The decrease in turnover was mainly attributable to further tightening of the Remaining Group's credit facilities by the banks which weakened the Remaining Group's liquidity to purchase of raw materials.

During the period, the Remaining Group recorded a gross loss margin of approximately 70.8%. Recording a gross loss and a gross loss margin during the period was mainly attributable to the following:

1. tightening of the Remaining Group's credit facilities. The Remaining Group thus had lesser working capital to meet the payment schedule of its purchase orders to its suppliers. As a result, the unconcluded purchase orders increased and the turnover decreased accordingly;

2. increase in labour costs and manufacturing overhead due to the inflation in the PRC and the appreciation of RMB to US dollar during the year; and

3. decrease in production capacity.

Net loss of the Remaining Group increased by approximately 3,201.1% for the six months ended 30 June 2008 as compared with the corresponding period in previous year's. The increase in net loss was mainly due to i) increase in the impairment loss on trade and other receivables, ii) increase in rental expenses and iii) increase in exchange loss due to appreciation of RMB compared with US$ during the period.

Liquidity and Financial Resources

The Remaining Group financed its operations and capital expenditures mainly with internally generated funds, bank borrowings and debt financing.

As at 30 June 2008, the Remaining Group had cash and bank balances of approximately US$2.3 million and bank borrowings of approximately US$52.4 million. The Remaining Group's gearing ratio (total borrowings divided by total assets) was approximately 0.31 time as at 30 June 2008.

Capital Structure

On 21 May 2008, the Company entered into a subscription agreement with subscribers for the subscription of an aggregate 250,000,000 new Shares for an aggregate consideration of HK$36.5 million (equivalent to US$4.7 million) at a subscription price of HK$0.146 per Share.

Future Plans relating to Material Investment or Capital Asset

As at 30 June 2008, the Remaining Group did not enter into any agreement in respect of any proposed acquisitions and did not have any future plans relating to material investment or capital asset.

Charge on Assets

As at 30 June 2008, the Remaining Group pledged its property, plant and equipment of approximately US$27.0 million, prepaid lease payments of approximately of US$0.7 million, trade receivables of approximately US$8.8 million and bank deposits of approximately US$5.4 million to secure its bank borrowings.

Contingent Liabilities

As at 30 June 2008, the Remaining Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2008, the Remaining Group had no expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment.

Foreign Exchange Exposure

The Remaining Group's sales and purchases were denominated in US dollar and RMB. The US$ dollar sales and purchases substantially hedged the risks of transactions in foreign currency and the Remaining Group did not make any other hedging arrangement during the six months period.

Employees and Remuneration Policy

The Remaining Group remunerated its employees with respect to its employment terms, individual performance and the prevailing industry practice. Its remuneration packages were reviewed on a periodical basis to ensure that it is maintained at a competitive level. As at 30 June 2008, the Remaining Group had headcounts of approximately 2,000.

FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial and Business Review

For the six months ended 30 June 2009, the Remaining Group's turnover was from its RPCB business. The Remaining Group recorded a turnover of approximately US$126,000 million, representing a significant drop of approximately 99.5% over the turnover for the six months ended 30 June 2008. The decrease in turnover was mainly attributable to suspension of certain level of operation in a major subsidiary.

During the period, the Remaining Group recorded a gross loss margin of approximately 3,743.5%. Recording a gross loss and a gross loss margin during the period was mainly attributable to the high fixed cost incurred with significant drop in turnover.

Net loss of the Remaining Group decreased by approximately 70.0% for the six months ended 30 June 2009 as compared with the corresponding period in previous year's. The decrease in net loss was mainly due to suspension of certain level of operation in a major subsidiary.

Liquidity and Financial Resources

The Remaining Group financed its operations and capital expenditures mainly with internally generated funds and bank borrowings.

As at 30 June 2009, the Remaining Group had cash and bank balances of approximately US$2.8 million, bank borrowings of approximately US$39.8 million and the outstanding balance of the convertible loan notes of approximately US$1.9 million. The Remaining Group's gearing ratio (total borrowings divided by total assets) was approximately 0.56 time as at 30 June 2009.

Capital Structure

On 19 January 2009, an extraordinary general meeting of the Company was held and approved the reorganization of the share capital of the Company involving reduction of the issued share capital of the Company by reducing the nominal value of each Share in issue from HK$0.10 to HK$0.01 and canceling paid-up capital to the extent of HK$0.09 for each Share in issue and the sub-division of the unissued Shares (the "Capital Reorganization"). The Capital Reorganization became effective after the approval from the Grand Court of the Cayman Islands on 29 April 2009.

During the six months ended 30 June 2009, convertible loan notes with principal amounts of approximately HK$7 million (equivalent to approximately US$0.9 million) were converted into approximately 239,725,000 Shares of HK$0.01 each in the share capital of the Company at the conversion prices of HK$0.0292 per Share (after adjustment to conversion price from HK$0.1 per Share to HK$0.0292 per Share).

Future Plans relating to Material Investment or Capital Asset

As at 30 June 2009, the Remaining Group did not enter into any agreement in respect of any proposed acquisitions and did not have any future plans relating to material investment or capital asset.

Charge on Assets

As at 30 June 2009, the Remaining Group pledged its property, plant and equipment of approximately US$14.9 million and prepaid lease payment of approximately US$0.7 million to secure its bank borrowings.

Contingent Liabilities

As at 30 June 2009, the Remaining Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2009, the Remaining Group had no expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment.

Foreign Exchange Exposure

The Remaining Group's sales and purchases were denominated in US dollar and RMB. The US$ dollar sales and purchases substantially hedged the risks of transactions in foreign currency and the Remaining Group did not make any other hedging arrangement during the six months period.

Employees and Remuneration Policy

The Remaining Group remunerated its employees with respect to its employment terms, individual performance and the prevailing industry practice. Its remuneration packages were reviewed on a periodical basis to ensure that it is maintained at a competitive level. As at 30 June 2009, the Remaining Group had headcounts of approximately 800.

2. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following the Completion, the Group will focus on the RPCB business and will hold 20% interest in the Purchaser, which will focus on FPCB and FRPCB business. The Company will collaborate with the Purchaser to build a vertically integrated production platform for new generation mobile electronics and multimedia solutions, which would mark an important step for the Company's transformation and new business repositioning. In addition, the Company expects to explore new business such as 3G and mobile TV and multimedia and is exploring opportunities in acquiring assets to strategically create a business and investment platform, which will help the Company continue to thrive and maximize value for Shareholders in the long run.

3. STATEMENT OF INDEBTEDNESS

(a) Borrowings

As at the close of business on 31 July 2009, being the latest practicable date for the purpose of this statements of indebtedness prior to the printing of this circular, the Group had outstanding secured short-term bank borrowings (with maturity within one year) of approximately US$39,777,000. The short-term bank borrowings are secured by certain of the Group's assets including (i) property, plant and equipment and (ii) prepaid lease payments.

(b) Debt securities

As at the close of business on 31 July 2009, the Group had an outstanding principal amount of convertible loan notes of approximately US$1,806,000. The carrying amount of the convertible loan notes on the unaudited consolidated statement of financial position at 31 July 2009 was approximately US$1,935,000.

(c) Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 31 July 2009, the Group did not have, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

Provided that (i) the Restructuring Plan for Jiatong is approved by all Jiatong Creditors; (ii) Hi-P International will provide financial assistance to the Group; and (iii) the indicative sales orders from the customers for the purchases of RPCB received by the Company will be materialized, the Directors confirm that, after taking into account its internally generated funds, its currently available facilities and financial resources and the estimated net proceeds from the Disposal, the Group has sufficient working capital for its requirements in the next 12 months commencing from the date of this circular.

5. MATERIAL ADVERSE CHANGE

Save as the operating loss of approximately US$17.4 million recorded for the six months ended 30 June 2009, the Directors are not aware of any material adverse change in the financial or trading position of the Group from 31 December 2008, the date on which the latest audited financial statements of the Group were made up to and including the Latest Practicable Date.

The following is the text of letter and valuation certificate on property interests of the Group as at 30 June 2009 prepared by LCH (Asia-Pacific) Surveyors Limited for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROPERTY VALUERS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the "IVS") published by the International Valuation Standards Committee as well as the HKIS Valuation Standards on Properties, First Edition, 2005 (the "HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

8 September 2009

17th Floor
Champion Building
No. 287-291 Des Voeux Road Central
Hong Kong

The Board of Directors
Global Flex Holdings Limited
Units 1701-1702, 17th Floor
The Hong Kong Club Building
No. 3A Chater Road
Central
Hong Kong

Dear Sirs,

In accordance with the instructions given by the management of Global Flex Holdings Limited (hereinafter referred to as the "Company") to us to value a designated property in which the Company and its subsidiaries (hereinafter together with the Company referred to as the "Group") have interests in the People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary to support our opinion of value of the property as at 30 June 2009 (hereinafter referred to as the "Date of Valuation") for the internal reference of the management of the Company.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company's business due diligence to the property and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching his business decision regarding the property. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in the valuation report also apply to this summary report.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. We considered that market value is the most appropriate basis of value for a wide range of applications, including the purpose of this engagement, thus, after discussed with the management of the Company, we have adopted the market value basis of the property in our valuation.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

There are three generally accepted property valuation approaches to value in arriving at the market value of a property on an absolute title basis, namely the Sales Comparison Approach (also referred by some valuers as the Market Approach), the Cost Approach and the Income Approach. Having considered the general and inherent characteristics of the property, we have adopted the depreciated replacement cost ("DRC") method which is an application of the Cost Approach in valuing specialised properties like the property. The use of this method requires an estimate of the market value of the land use rights of the property being valued for its existing use, and an estimate of the new replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the property. The market value of the land use rights of the property has been determined from market-based evidences by analysing similar sales or offerings or listings of comparable properties.

The valuation of the property is on the assumption that the property is subject to the test of adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation.

By using this method, the land should be assumed to have the benefit of planning permission for the replacement of the existing building and it is always necessary when valuing the land, to have regard to the manner in which the land is developed by the existing building and site works, and the extent to which these realise the full potential value of the land. When considering a notional replacement site, it should normally be regarded as having the same physical and location characteristics as the actual site, other than characteristics of the actual site which are not relevant, or are of no value, to the existing use. In considering the building, the gross replacement cost of the building should take into consideration everything which is necessary to complete the construction from a new green field site to provide building as they are, at the date of valuation, fit for and capable of being occupied and used for the current use. These costs to be estimated are not to erect building in the future but have the building available for occupation at the date of valuation, the work having commenced at the appropriate time.

Unless otherwise stated, in valuing the property, we have assumed that:

1. the legally interested party in the property sells the property in the market in its existing state and at its permitted usage without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property;

2. the legally interested party in the property has free and uninterrupted rights to use or assign the property interests for its existing permitted usage for the whole of the unexpired term as granted and any premium payable has already been fully paid; and

3. the property can be freely disposed and transferred free of all encumbrances at the Date of Valuation for its existing use in the market to both local and overseas purchasers without payment of any premium to the government.

Should this not be the case, it will have adverse impact to our valuation.

We need to state that our opinion of value of the property is not necessarily intended to represent the amount that might be realised from disposition of land use rights or various building(s) of the property on piece meal basis in the open market.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property. Unless otherwise stated, it is assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

As at the Latest Practicable Date of this circular, we were unable to identify any adverse news against the property which may affect the reported value in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

Due to the market value basis of valuation, the management of the Company provided us the necessary documents to support that the legally interested party in the property (i.e. the Group) has free and uninterrupted rights to assign, to mortgage or to let the property at its existing use (in this instance, an absolute title) free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed, and that the Company has the right to occupy the property. However, our procedures to value, as agreed with the management of the Company, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained the property from the relevant authorities.

For the sake of valuation, we have been provided with copies of the title documents of the property. However, we have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the property valued. Any responsibility for our misinterpretation of the documents cannot be accepted.

The inherent defects in the land registration system of China forbidden us to inspect the original documents of the property that filed in the relevant authorities and to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property. However, we have relied solely on the copy of the PRC legal opinion dated 7 September 2009 as provided by the management of the Company with regard to the Group's titles on the property as disclosed in the attached valuation certificate. We are given to understand that the PRC legal opinion was prepared by the Company's PRC legal adviser, 江蘇名威名律師事務所 (translated as Jiangsu Ming Wei Ming Law Firm). No responsibility or liability from our part is assumed.

In our valuation, we have assumed that the legally interested party in the property (i.e. the Group) has obtained all the approval and/or endorsement from the relevant authorities, and that there would have no legal impediment (especially from the regulators) for the legally interested party to continue the ownership of the property. Should this not be the case, it will affect our conclusion in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability from our part is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY IN ACCORDANCE WITH VALUATION STANDARD 4 OF THE HKIS STANDARDS

We have conducted inspection to the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the property and our work product should not be taken as making any implied representation or statement about the condition of the property. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the property inspected. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the inspection and the use of this report do not purport to be a building survey of the property. We have assumed that the property is free of rot and inherent danger or unsuitable materials and techniques.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the property did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of such property that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VALUATION STANDARD 5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, site and floor areas and all other relevant matters.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work product.

Our valuation has been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility or liability is assumed.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuation, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuation. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Company of material and latent facts that may affect the valuation. We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan ("RMB").

LIMITING CONDITIONS IN THIS SUMMARY REPORT

Our opinion of value of the property in this summary report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this summary report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this summary report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

Our report is prepared in line with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the IVS and the HKIS Standards. The valuation has been undertaken by valuer, acting as external valuer, qualified for the purpose of the valuation.

We retain a copy of this summary report and the detailed valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us.

The valuation of the property depends solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported value significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no significant interest in the property, the Group or the value reported.

Our valuation certificate is attached below.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited
Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Director

Contributing valuer:
Leslie Wong Tak Chiu *BSc BBA*

Note: Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 10 years of experience in valuing properties in mainland China. She is also a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

VALUATION CERTIFICATE

Property held and occupied by the Group under long-term title certificates in the PRC and valued by DRC Method

Property	Description and tenure	Particulars of occupancy	Amount of valuation in existing state attributable to the Group as at 30 June 2009 *RMB*
A factory complex located at No. 86 Liufeng Lu Hedong Industrial Park Guoxiang Jie Dao Wuzhong District Suzhou City Jiangsu Province The PRC	The property comprises various buildings and structures erected on a parcel of land having a site area of approximately 66,900.20 sq. m. The property comprises six major buildings of single to 6-storey in height and completed in 2007. They have a total gross floor area of approximately 86,072.47 sq. m. (see Note 2 below). The property is subject to a land use rights till 17 June 2057 for industrial purpose.	The property is currently vacant.	RMB203,700,000 (100% interest)

Notes:

1. The right to possess the land is held by the State and the rights to use the land have been transferred to Global Flex (Suzhou) Plant II Co., Ltd. (蘇州佳茂科技有限公司) (hereinafter referred to as "Jiamao"), a wholly-owned subsidiary of the Company, by the following ways, they are:

   (i) Pursuant to an Agreement made between 蘇州吳中經濟開發區管委會 (translated as Suzhou Wuzhong Economic Development Zone Management Committee) and Jiamao dated 1 June 2006, Jiamao has been granted the land use rights of a parcel of land having a site area of approximately 100.35 Chinese Mu (i.e. 66,900 sq.m.) for industrial purpose at a total consideration of RMB8,028,000.

   (ii) Pursuant to a State-owned Land Use Rights Certificate known as Wu Guo Yong (2007) Di 21189 Hao (吳國用 (2007) 第21189號) dated 20 September 2007 and issued by the People's Government of Suzhou City, Jiamao has been granted the land use rights of a parcel of land having a site area of approximately 66,900.20 sq. m. for a term till 17 June 2057 for industrial purpose.

2. Pursuant to a Building Ownership Certificate known as Su Fang Quan Zheng Wu Zhong Zi Di 00096769 Hao (蘇房權証吳中字第00096769號) dated 9 July 2008 and issued by the Real Estate Administration Bureau of Suzhou City, the legally interested party in the various building and structures erected on the land as mentioned in Note 1 above is Jiamao. The gross floor area of each of the major buildings are as follows:

		Gross Floor Area *(sq.m.)*
(i)	A 4-storey Workshop Building	37,022.78
(ii)	A 6-storey Workshop and Ancillary Office Building	31,237.28
(iii)	A single-storey Guard House and Pump House	153.21
(iv)	A 4-storey Workshop Building	17,659.20
		86,072.47

3. The Property is subject to three various mortgages as listed below:

    (i) a mortgage of RMB40,000,000 for the period from 19 September 2008 to 19 September 2009 in favour of Agricultural Bank of China (Suzhou Wuzhong Branch) (中國農業銀行蘇州市吳中支行);

    (ii) a mortgage of RMB35,500,000 for the period from 19 September 2008 to 19 September 2009 in favour of China CITIC Bank Corporation Limited (Suzhou Branch) (中信銀行股份有限公司蘇州分行); and

    (iii) a mortgage of RMB48,800,000 for the period from 19 September 2008 to 19 September 2009 in favour of China Minsheng Banking Corporation Limited (Suzhou Branch) (中國民生銀行股份有限公司蘇州分行).

4. According to the legal opinion dated 7 September 2009 and prepared by the Company's PRC legal adviser, 江蘇名威名律師事務所 (translated as Jiangsu Ming Wei Ming Law Firm), the following opinions are noted:

    (i) Jiamao has paid all the relevant land premium and is the legally interested party in the land and buildings of the property. Its rights in the property is protected under the PRC law; and

    (ii) Jiamao has the rights to transfer, lease or mortgage the property.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following Director had interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they had taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by the Directors of Listed Issuers" (**"Model Code"**) set out in the Appendix 10 to the Listing Rules.

Name of Director	Nature of interest	Interest held by a Director	Approximate percentage of the existing issued share capital of capital of the Company
Wong Chau Chi	Beneficial owner	12,500,000 Shares *(Note 2)*	0.683%
	Interest of controlled corporation *(Note 1)*	92,450,000 Shares *(Note 3)*	5.053%

Notes:

1. The Shares are registered under the name of Chi Capital Holdings Limited (**"Chi Capital"**) a company wholly owned by Mr. Wong Chau Chi and he was the sole director of Chi Capital.

2. The interest represents the share options.

3. The interest represents the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) **Interests of the substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following Shareholders (other than the Directors) had an interest or short position in the Shares and underlying shares of the Company which would need to be disclosed to the Company or the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the existing issued share capital of capital of the Company
Shikumen Special Situations Fund	Beneficial owner	239,761,027 *(Note 1)*	13.10%
Lau Jeffrey Chun Hung	Investment manager	239,761,027 *(Note 1)*	13.10%
Tang Yu Ming Nelson	Investment manager	239,761,027 *(Note 1)*	13.10%
Hansom Group Limited	Beneficial owner	479,452,054 *(Note 2)*	26.20%
Goodluck Overseas Limited	Interest of controlled corporation	479,452,054 *(Note 2)*	26.20%
Zhou Qingzhi	Interest of controlled corporation	479,452,054 *(Note 2)*	26.20%
Ta Chong Bank Co. Limited	Security interest in Shares	130,000,000	7.10%

Notes:

1. These Shares represent the same parcel of Shares. Lau Jeffrey Chun Hung and Tang Yu Ming Nelson are deemed to be interested in these Shares by virtue of 34.7% and 52.0% interests respectively in Shikumen Capital Management Limited, which in turn is deemed to be interested in these Shares by virtue of its 100% interest in Shikumen Special Situations Fund.

2. These Shares represent the same parcel of Shares. Zhong Qingzhi is deemed to be interested in these Shares by virtue of his 64.25% interest in Goodluck Overseas Limited and Goodluck Overseas Limited is deemed to be interested in these Shares by virtue of its 100% interest in Hanson Group Limited.

Save as disclosed above, the Directors or the chief executive of the Company are not aware that there is any person (other than a Director or the chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. LITIGATIONS

As at the Latest Practicable Date, Jiatong, a major subsidiary of the Company, has been named as defendants in five court actions in the PRC in respect of default payment of amounts due to suppliers and creditors for an aggregate amount of approximately US$2,169,000 for which the Group has made full provision in the consolidated financial statements as at 30 June 2009.

Should the court in the PRC determine that Jiatong is liable to any amount claimed in the five court actions mentioned above, such amount will be included in the Restructuring Plan. The repayment of these amounts will follow the arrangements set out in the Restructuring Plan if the Restructuring Plan is approved.

The Board wishes to emphasize that the Restructuring Plan submitted to the Court will be subject to, among other things, approval by the Jiatong Creditors in a creditors' meeting, which is to be held on 8 September 2009. Upon such approval being obtained, Jiatong, through its Administrators, shall apply to the Court for approval of the Restructuring Plan, resulting in all Jiatong Creditors as at 9 March 2009, i.e. the commencement date of the Restructuring, being bound. Pursuant to the Asset Sale Agreement, such approval shall have to be obtained on or before 30 September 2009 or such other date as may be agreed by the Purchaser. If approved, Jiatong will emerge out of the Restructuring as a normal operating entity with a healthier financial position and operation.

Save and except for the litigations and claims against Jiatong disclosed above, the Board is not aware of any litigation or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, acquired by or disposed of or leased to any member of the Group, or are proposed to be acquired by or disposed of or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

7. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinions or advice, which is contained in this circular.

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants, Hong Kong
LCH (Asia-Pacific) Surveyors Limited	Professional Valuers
江蘇名威名律師事務所 (Jiangsu Ming Wei Ming Law Firm) ("Jiangsu Ming Wei Ming")	PRC Legal Adviser

As at the Latest Practicable Date, the above experts had no direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any interests, directly or indirectly, in any assets which had been, since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their letters, reports and/or references to their names in the form and context in which they respectively appear.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are or may be material:

(i) On 21 May 2008, the Company entered into subscription agreements with the subscribers for the subscription of an aggregate 250,000,000 new shares of the Company for an aggregate consideration of HK$36,500,000 at the subscription price of HK$0.146 per subscription share;

(ii) On 11 July 2008, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 90,000,000 new shares of the Company for an aggregate consideration of HK$10,800,000 at a subscription price of HK$0.12 per subscription share;

(iii) the underwriting agreement dated 19 August 2008 entered into between the Company and SBI E2-Capital (HK) Limited in relation to the underwriting and certain other arrangement in respect of the proposed open offer. The underwriting Agreement was terminated by mutual agreement on 26 September 2008 between the Company and SBI E2-Capital (HK) Limited due to adverse market conditions and accordingly, the proposed open offer had lapsed as of 26 September 2008;

(iv) the subscription agreement dated 28 November 2008 between the Company and two fund and corporate investors comprising: (1) Hansom Group Limited and (2) Shikumen Special Situations Fund in respect of issuance of the HK$21 million convertible loan notes to be issued by the Company, carrying rights to convert the principal amounts into new shares of the Company;

(v) the Property Mortgage;

(vi) the Share Sale Agreement;

(vii) the Corporate Guarantee;

(viii) the GFH Guarantee;

(ix) the Share Charge;

(x) the Asset Sale Agreement; and

(xi) the Term Sheet.

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business carried on by the Group) has been entered into by any member of the Group within two years preceding the Latest Practicable Date which are or may be material.

9. CORPORATE INFORMATION

Registered office of the Company	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	1701-1702, 17/F. The Hong Kong Club Building 3A Chater Road, Central Hong Kong
Principal share registrar and transfer office of the Company	Butterfield Fulcrum Group (Cayman) Limited Butterfield House, 68 Fort Street, P.O. Box 705 George Town, Grand Cayman Cayman Islands
The Hong Kong branch registrar and transfer office of the Company	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Company Secretary	Mr. Cheung Kai Cheong, Willie, FCCA, CPA

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 1701-1072, 17/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong during the normal business hours from the date of this circular up to and including thd date of the EGM:

(i) the Memorandum and Articles of Association of the Company;

(ii) the annual reports of the Company for the years ended 31 December 2007 and 2008;

(iii) the accountants' report of the Group, the text of which is set out in Appendix I of this circular;

(iv) the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II of this circular;

(v) the valuation report, the text of which is set out in Appendix IV of this circular

(vi) the legal opinion issued by Jiangsu Ming Wei Ming;

(vii) the consent letters referred to in the section headed "Experts and Consents" in this appendix;

(viii) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(ix) the circular of the Company dated 15 March 2009 in relation to the adjustments to the conversion price of the convertible loan notes and issue of the conversion shares to connected person; and

(x) this circular.

11. MISCELLANEOUS

The English text of this circular will prevail over the Chinese text in the case of any inconsistency.

Global Flex Holdings Limited
佳邦環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 471)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the **"Meeting"**) of Global Flex Holdings Limited (the "Company") will be held at The American Club, Floor 48, Exchange Square Two, Central, Hong Kong on Friday, 25 September 2009 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution, with or without modifications, passing the following resolutions of the Company:—

ORDINARY RESOLUTIONS

1. "**THAT** the sale and purchase agreement (the "**Share Sale Agreement**") dated 30 July 2009 entered into between Global Technology International Ltd. ("**GTI**") as vendor, the Company, Mr. Wong Chau Chi as guarantors and Hi-P Flex Pte Ltd. (the "**Purchaser**") as purchaser in connection with the sale of all the registered capital in Global Flex (Suzhou) Plant II Co., Ltd. (a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) and the sale and purchase agreement ("**Asset Sale Agreement**") dated 30 July 2009 entered into between Global Flex (Suzhou) Co., Ltd. as the vendor and the Purchaser as the purchaser in connection with the disposal of all assets related to or used in connection with the business of flexible printed circuit boards and flexible-rigid printed circuit boards (a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated by the Share Sale Agreement and/or the Asset Sale Agreement (including without limitation the execution of a share charge by GTI in favour of Hi-P International Limited or its nominee on 30 July 2009 in respect of the shares of the Purchaser and the execution of a guarantee by the Company in favour of the Purchaser or its nominee on 30 July 2009 in respect of certain obligations of GTI under the Share Sale Agreement) be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the Share Sale Agreement, the Asset Sale Agreement or the transactions contemplated by the Share Sale Agreement and/or the Asset Sale Agreement.";

2. "**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 5 July 2005 ("**Share Option Scheme**"), representing 10 per cent. of the issued share capital of the Company as at the day on which this resolution is passed, pursuant to Clause 8.2 of the Share Option Scheme:

   (i) approval be and is hereby granted for refreshing the 10 per cent. mandate under the Share Option Scheme ("**Refreshed Scheme Mandate**") provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company and its sbusidiaries ("**Group**") under the limit as refreshed hereby shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Group (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and

   (ii) subject to the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange from time to time, the directors of the Company or a duly authorised committee thereof be and they are hereby authorised: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate."

By order of the Board
Global Flex Holdings Limited
Wong Chau Chi
Executive Director

Hong Kong, 8 September 2009

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal office in Hong Kong:
1701-1702, 17/F.
The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed under the circular of the Company dated the same date as this notice for use by the shareholders of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint one proxy or, if he is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or any adjourned Meeting and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote.

As at the date of this announcement, the Board comprises one executive director, namely Mr. Wong Chau Chi; three non-executive directors, namely Mr. Chou Tsan Hsiung, Mr. Yang Yi and Dr. Li Jun; and two independent non-executive directors, namely Mr. Wang Wei-Lin and Mr. Yu Kam Kee, Lawrence, BBS, MBE, JP.