HI SUN TECHNOLOGY (CHINA) LIMITED
高陽科技（中國）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 818)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

	1H 2009	1H 2008	Change
	HK$'000	*HK$'000*	+/(-) %
RESULTS			
Turnover	**485,596**	524,420	-7%
Profit before income tax	**59,925**	114,162	-48%
Profit for the period	**39,617**	90,291	-56%
Attributable to:			
– Equity holders of the Company	**32,490**	74,429	-56%
– Non-controlling interests	**7,127**	15,862	-55%
	39,617	90,291	
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic *(HK$)*	**0.014**	0.033	-58%
– Diluted *(HK$)*	**0.014**	0.033	-58%
	30 June 2009	31 December 2008	Change
	HK$'000	*HK$'000*	+/(-) %
KEY STATEMENT OF FINANCIAL POSITION ITEMS			
Total equity	**1,757,795**	1,264,669	+39%
Net current assets	**1,438,797**	954,785	+51%
Total assets	**2,034,319**	1,668,616	+22%
Net assets per share *(HK$)*	**0.668**	0.567	+18%

* *For identification purpose only*

The Board of Directors (the "Board") of Hi Sun Technology (China) Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the unaudited comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2009 and 30 June 2008

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**485,596**	524,420
Cost of sales	*5*	**(260,968)**	(275,700)
Gross profit		**224,628**	248,720
Other gains, net	*4*	**14,783**	10,719
Selling expenses	*5*	**(59,454)**	(47,808)
Administrative expenses	*5*	**(119,689)**	(96,453)
Operating profit		**60,268**	115,178
Finance costs	*7*	**(343)**	(1,016)
Profit before income tax		**59,925**	114,162
Income tax expense	*8*	**(20,308)**	(23,871)
Profit for the period		**39,617**	90,291
Profit attributable to:			
Equity holders of the Company		**32,490**	74,429
Non-controlling interests		**7,127**	15,862
		39,617	90,291
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic *(HK$)*	*11*	**0.014**	0.033
– Diluted *(HK$)*	*11*	**0.014**	0.033

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2009 and 30 June 2008

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period	**39,617**	90,291
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**(108)**	36,499
Total comprehensive income for the period	**39,509**	126,790
Total comprehensive income attributable to:		
Equity holders of the Company	**32,382**	108,782
Non-controlling interests	**7,127**	18,008
	39,509	126,790

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009 and 31 December 2008

	Notes	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Investment properties		**1,914**	1,969
Property, plant and equipment		**136,547**	147,541
Leasehold land		**43,632**	44,180
Intangible assets		**118,972**	122,835
Available-for-sale financial assets		**23,400**	–
Total non-current assets		**324,465**	316,525
Current assets			
Inventories		**170,598**	170,063
Trade and other receivables, prepayments and deposits	12	**474,995**	530,160
Due from a related company		**1,176**	1,176
Financial assets at fair value through profit or loss		**2,646**	519
Restricted cash		**8,445**	8,612
Short-term bank deposits		**193,503**	124,300
Cash and cash equivalents		**858,491**	517,261
Total current assets		**1,709,854**	1,352,091
Total assets		**2,034,319**	1,668,616
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**6,580**	5,580
Reserves		**1,206,342**	819,990
Retained earnings		**403,887**	371,397
		1,616,809	1,196,967
Non-controlling interests		**140,986**	67,702
Total equity		**1,757,795**	1,264,669

	Notes	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**5,467**	6,641
Total non-current liabilities		**5,467**	6,641
Current liabilities			
Trade and other payables	*13*	**219,667**	340,222
Taxation payable		**44,610**	41,875
Borrowings		**6,780**	15,209
Total current liabilities		**271,057**	397,306
Total liabilities		**276,524**	403,947
Total equity and liabilities		**2,034,319**	1,668,616
Net current assets		**1,438,797**	954,785
Total assets less current liabilities		**1,763,262**	1,271,310

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended of 30 June 2009 and 30 June 2008

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital	Share premium	Contributed surplus	Other reserves	Exchange reserve	Retained earnings	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	**5,580**	**548,330**	**168,434**	**21,204**	**82,022**	**371,397**	**67,702**	**1,264,669**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**32,490**	**7,127**	**39,617**
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**–**	**–**	**–**	**–**	**(108)**	**–**	**–**	**(108)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(108)**	**32,490**	**7,127**	**39,509**
Issue of new shares	**1,000**	**299,000**	**–**	**–**	**–**	**–**	**–**	**300,000**
Share issue expenses	**–**	**(121)**	**–**	**–**	**–**	**–**	**–**	**(121)**
Difference arising on disposal of 20% equity interest in a subsidiary *(Note 10)*	**–**	**–**	**–**	**87,581**	**–**	**–**	**66,157**	**153,738**
At 30 June 2009	**6,580**	**847,209**	**168,434**	**108,785**	**81,914**	**403,887**	**140,986**	**1,757,795**
At 1 January 2008	5,580	548,330	168,434	34,496	40,960	257,047	46,013	1,100,860
Profit for the period	–	–	–	–	–	74,429	15,862	90,291
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	–	34,353	–	2,146	36,499
Total comprehensive income for the period	–	–	–	–	34,353	74,429	18,008	126,790
Acquisition of 5% equity interest in a subsidiary	–	–	–	(13,292)	–	–	(2,242)	(15,534)
At 30 June 2008	5,580	548,330	168,434	21,204	75,313	331,476	61,779	1,212,116

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2009 and 30 June 2008

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Net cash outflow from operating activities	**(7,800)**	(21,382)
Cash flows from investing activities		
Purchase of 5% equity interest in a subsidiary	**–**	(15,534)
Purchase of property, plant and equipment	**(9,200)**	(6,299)
Purchase of intangible assets	**–**	(10,260)
Proceeds from sales of property, plant and equipment	**100**	2,019
Interest received	**5,486**	2,726
Acquisition of available-for-sale financial assets	**(23,400)**	–
Proceeds from disposal of 20% equity interest in a subsidiary that does not result in losing control of the subsidiary	**153,738**	–
Net cash generated from/(used in) investing activities	**126,724**	(27,348)
Cash flows from financing activities		
Repayment of short term bank loans	**(8,429)**	(35,831)
Issue of new ordinary shares	**299,879**	–
Decrease in restricted cash	**167**	–
Increase in short-term bank deposit	**(69,203)**	–
Net cash generated from/(used in) financing activities	**222,414**	(35,831)
Net increase/(decrease) in cash and cash equivalents	**341,338**	(84,561)
Exchange (loss)/gain on cash and cash equivalents	**(108)**	22,398
Cash and cash equivalents at beginning of period	**517,261**	569,716
Cash and cash equivalents at end of period	**858,491**	507,553
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**858,491**	507,553

Notes:

1. GENERAL INFORMATION

The principal activity of Hi Sun Technology (China) Limited (the "Company") is investment holding.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the sales of electronic payment products and services, sales of electronic power meters and solutions, provision of telecommunication solutions and operation value-added services, provision of financial solutions, services and related products and provision of payment solutions and services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 6 August 2009.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standard (HKFRSs).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Available-for-sale equity investments are non-derivatives that are either designated in this category or not classified in any other financial asset categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way purchases and sales of the financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses of each balance sheet date subsequent to initial recognition.

For the year ended 31 December 2008, the Group early adopted HKFRS 3 (revised) 'Business combinations' and HKAS 27 (revised) 'Consolidated and separate financial statements'.

The following new standards and amendments to standards are mandatory for the financial year beginning 1 January 2009 and which are relevant to the Group.

HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. It has resulted in a redesignation of the Group's reportable segments, and has had no impact on the reported results or financial position of the Group. Accordingly, as disclosed in the segment information (Note 4) for both the current period and the comparative figures of prior period have been presented under the new reporting segmentation.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

- HKAS 23 (amendment), 'Borrowing costs'.
- HKFRS 2 (amendment), 'Share-based payment'.
- HKAS 32 (amendment), 'Financial instruments: presentation'.
- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: recognition and measurement'.
- HK(IFRIC) 13, 'Customer loyalty programmes'.
- HK(IFRIC) 15, 'Agreements for the construction of real estate'.
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- Amendments to HKFRS 7, 'Financial instrument: disclosures'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009.
- HK(IFRIC) 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009.
- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.
- Amendment to HKFRS 2 'Share-based payments', effective for periods beginning on or after 1 July 2009.
- Amendment to HKFRS 5 'Non-current Assets held for sale and discontinued operations', effective for periods beginning on or after 1 January 2010.
- Amendment to HKFRS 8 'Operating segments', effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 1 'Presentation of financial statements', effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 7 'Statement of cash flows', effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 17 'Leases', effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2010.

- Amendment to HKAS 38 'Intangible assets', effective for periods beginning on or after 1 July 2009.
- Amendment to HKAS 39 'Financial instruments: recognition and measurement', effective for periods beginning on or after 1 January 2010 (published in May 2009).
- Amendment to HK(IFRIC) 9 'Reassessment of embedded derivatives', effective for periods beginning on or after 1 July 2009.
- Amendment to HK(IFRIC) 16 'Hedges of a net investment in a foreign operation', effective for periods beginning on or after 1 July 2009.

The Group has already commenced an assessment of the impact of the new standards, amendments to the standards or interpretations to existing standards but is not yet in a position to state whether these new standards, amendments to standards or interpretations to existing standards would have a significant impact to the Group's results of operations and financial position.

4. TURNOVER, OTHER GAINS AND SEGMENT REPORTING

The Group is principally engaged in the sales of electronic payment products and services, sales of electronic power meters and solutions, provision of telecommunication solutions and operation value-added services, provision of financial solutions, services and related products and provision of payment solutions and services:

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Sales of electronic payment products and services	**196,221**	265,021
Sales of electronic power meters and solutions	**91,515**	115,269
Provision of telecommunication solutions and operation value-added services	**165,711**	114,664
Provision of financial solutions, services and related products	**24,211**	28,957
Provision of payment solutions and services	**7,458**	–
Rental income	**480**	509
	485,596	524,420
Other gains, net		
Other revenue, net		
Interest income	**5,486**	2,726
Gain on disposal of financial assets at fair value through profit or loss	**294**	404
Fair value gain/(loss) on financial assets at fair value through profit or loss	**145**	(4,118)
Dividend income on financial assets at fair value through profit or loss	**11**	301
Other income	**2,822**	2,741
	8,758	2,054
Value added tax refund	**6,025**	8,665
	14,783	10,719
Turnover and other gains	**500,379**	535,139

At 30 June 2009, The Group is organised into five main operating segments:

(a) Electronic payment products and services – sales of electronic fund transfer point-of-sale ("EFT-POS") terminals;

(b) Telecommunication solutions and operation value-added services – provision of Interactive Voice Response ("IVR") services;

(c) Financial solutions, services and related products – provision of information system consultancy and integration services and sales of information technology products to financial institutions and banks;

(d) Payment solutions and services – provision of mobile payment solutions and services; and

(e) Electronic power meters and solutions – manufacturing and sales of electronic power meters, data collection terminals and provision of information system consultancy services.

An analysis of the Group's revenues and results for the period by operating segment is as follows:

	Unaudited Six months ended 30 June 2009						
	Electronic payment products and services *HK$'000*	Telecommunication solutions and operation value-added services *HK$'000*	Financial solutions, services and related products *HK$'000*	Payment solutions and services *HK$'000*	Electronic power meters and solutions *HK$'000*	Others *HK$'000*	Group *HK$'000*
Revenue from external customers	196,221	165,711	24,211	7,458	91,515	480	485,596
Inter-segment revenue	–	–	18,283	–	–	–	18,283
Total segment revenue	196,221	165,711	42,494	7,458	91,515	480	503,879
Segment profit/(loss) before depreciation and amortisation	29,940	88,765	(12,850)	(18,730)	(2,150)	274	85,249
Depreciation	(915)	(5,426)	(7,856)	(49)	(5,638)	(206)	(20,090)
Amortisation	(3)	–	–	–	(4,029)	(379)	(4,411)
Segment results	29,022	83,339	(20,706)	(18,779)	(11,817)	(311)	60,748
Other revenue, net							8,758
Unallocated head office and corporate expenses							(9,238)
Finance costs							(343)
Profit before income tax							59,925
Income tax expense							(20,308)
Profit for the period							39,617

Note:

During the current period, the Group has reorganised the business segments such that revenues generated from business process operations have been reported in the financial solutions, services and related products segment. For the six months ended 30 June 2008, the Group reported revenues generated from business process operations as a separate segment. The comparative figures have been reclassified to conform with the current year's presentation.

	Electronic payment products and services HK$'000	Telecommunication solutions and operation value-added services HK$'000	Financial solutions, services and related products HK$'000	Payment solutions and services HK$'000	Electronic power meters and solutions HK$'000	Others HK$'000	Group HK$'000
	Unaudited Six months ended 30 June 2008						
Revenue from external customers	265,021	114,664	28,957	–	115,269	509	524,420
Inter-segment revenue	–	–	–	–	–	–	–
Total segment revenue	265,021	114,664	28,957	–	115,269	509	524,420
Segment profit/(loss) before depreciation and amortisation	82,125	64,540	(14,571)	–	19,499	8	151,601
Depreciation	(787)	(5,433)	(7,286)	–	(5,038)	(218)	(18,762)
Amortisation	(2)	–	–	–	(4,545)	(380)	(4,927)
Segment results	81,336	59,107	(21,857)	–	9,916	(590)	127,912
Other revenue, net							2,054
Unallocated head office and corporate expenses							(14,788)
Finance costs							(1,016)
Profit before income tax							114,162
Income tax expense							(23,871)
Profit for the period							90,291

The segment assets at 30 June 2009 and additions to non-current assets for the six months ended 30 June 2009 are as follows:

	Electronic payment products and services *HK$'000*	**Telecommunication solutions and operation value-added services** *HK$'000*	**Financial solutions, services and related products** *HK$'000*	**Payment solutions and services** *HK$'000*	**Electronic power meters and solutions** *HK$'000*	**Others** *HK$'000*	**Group** *HK$'000*
Unaudited							
Segment assets	**487,902**	**414,490**	**129,834**	**19,754**	**420,919**	**637,199**	**2,110,098**
Elimination of inter-segment receivables	**–**	**(41,246)**	**(26,193)**	**–**	**–**	**(8,340)**	**(75,779)**
	487,902	**373,244**	**103,641**	**19,754**	**420,919**	**628,859**	**2,034,319**
Unaudited							
Additions to non-current assets	**1,128**	**4,455**	**2,066**	**1,178**	**351**	**23,422**	**32,600**

The segment assets at 31 December 2008 and additions to non-current assets for the six months ended 30 June 2008 are as follows:

	Electronic payment products and services *HK$'000*	Telecommunication solutions and operation value-added services *HK$'000*	Financial solutions, services and related products *HK$'000*	Payment solutions and services *HK$'000*	Electronic power meters and solutions *HK$'000*	Others *HK$'000*	Group *HK$'000*
Audited							
Segment assets	483,916	346,568	142,682	–	516,057	227,522	1,716,745
Elimination of inter-segment receivables	–	(29,380)	(11,115)	–	–	(7,634)	(48,129)
	483,916	317,188	131,567	–	516,057	219,888	1,668,616
Unaudited							
Additions to non-current assets	1,059	2,502	1,538	–	2,269	9,191	16,559

Segment assets consist primarily of property, plant and equipment, intangible assets, available-for-sale financial assets, land use rights, inventories, receivables and operating cash. They exclude deferred income tax assets.

Additions to non-current assets comprises additions to leasehold land, property, plant and equipment and intangible assets including additions resulting from acquisitions through business combinations and additions of available-for-sale financial assets.

5. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Unaudited Six months ended 30 June 2009 *HK$'000*	2008 *HK$'000*
Auditor's remuneration	**1,096**	1,453
Depreciation of property, plant and equipment	**20,035**	18,673
Depreciation of investment properties	**55**	89
Amortisation of leasehold land	**548**	965
Amortisation of intangible assets	**3,863**	3,962
Employee benefit expense (including Directors' emoluments) *(Note 6)*	**95,002**	89,626
Costs of inventories sold	**179,459**	223,991
Operating lease rentals in respect of land and buildings	**8,376**	4,887
Operating lease rentals in respect of equipment	**7,027**	6,149
Research and development costs	**24,238**	15,719
Loss on disposal of property, plant and equipment	**59**	913
Provision for impairment of trade receivables	**5,760**	–
Write-off of trade receivables	**–**	642
Provision for obsolete inventories	**5**	165
Write-back of provision for obsolete inventories	**(3,408)**	(248)

6. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Wages and salaries	**83,290**	76,828
Social security costs	**6,238**	6,583
Pension costs – defined contribution plans	**5,474**	6,215
	95,002	89,626

7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**343**	1,016

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (six months ended 30 June 2008: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Current Income tax		
– Hong Kong profits tax	**366**	–
– Overseas taxation	**21,116**	25,407
Deferred income tax	**(1,174)**	(1,536)
Income tax expense	**20,308**	23,871

During the period, the PRC tax rate applicable to the Group is 25% (six months ended 30 June 2008: 25%), with certain preferential provisions.

Therefore, the PRC taxation has been provided in advance on the estimated profits of the Group's subsidiaries operating in the PRC and subject to Enterprise Income Tax ("EIT") at a rate of 25%, unless preferential rates are applicable.

Under the New CIT Law, operating subsidiaries which are qualified as High & New Technology Enterprises ("HNTEs") will be eligible to enjoy a reduced income tax rate of 15%.

9. DIVIDEND

No dividend on ordinary share has been paid or declared by the Company for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

10. DISPOSAL OF 20% EQUITY INTEREST IN A SUBSIDIARY AND ADOPTION OF PAX SHARE OPTION SCHEME

On 30 March 2009, PAX Technology Limited ("PAX") (an indirect non wholly-owned subsidiary of the Company) entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with the Company, Dream River Limited (the "Purchaser") and Hi Sun Technology Holding Limited, an indirect wholly-owned subsidiary of the Company (the "Transferor"), pursuant to which the Purchaser has conditionally agreed to purchase the 8,750,000 PAX ordinary shares (the "Sale Shares") held by the Transferor, and the Transferor has conditionally agreed to sell the Sale Shares to the Purchaser at the consideration of US$20 million (equivalent to approximately HK$155.4 million) (the "Disposal"). Immediately upon registration of the Sale Shares in the name of the Purchaser, the Sale Shares shall be re-designated as the PAX Series B preference shares on a one-to-one basis and those PAX Series B preference shares shall represent 20% of the total issued share capital of PAX.

The Purchaser is wholly-owned by Hao Capital Fund II L.P. ("Hao Capital"). Digital Investment, which is a substantial shareholder of PAX, is a subsidiary of Hao Capital China Fund L.P.. As the general partners and management companies of Hao Capital and Hao Capital China Fund L.P. are under common control, the Disposal and the transactions contemplated under the Sale and Purchase Agreement (including the execution of the Shareholders' Agreement at Completion) also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal was completed on 29 April 2009.

PAX also adopted a PAX Share Option Scheme for the issuance of such number of PAX ordinary shares representing no more than 5% of the total number of PAX shares in issue immediately after the completion of the Sale and Purchase Agreement.

Total consideration received (net of expenses directly attributable to the Disposal) in cash was HK$153.74 million. The difference of HK$87.58 million between the net proceeds from the Disposal and the amount transferred to non-controlling interests of HK$66.16 million has been recognised directly in equity.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2009	2008
Profit attributable to equity holders of the Company *(HK$'000)*	**32,490**	74,429
Weighted average number of ordinary shares in issue *(thousands)*	**2,320,371**	2,231,973
Basic earnings per share *(HK$ per share)*	**0.014**	0.033

(b) Diluted

Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. Share options represent potentially dilutive shares of the Company. For the share options, a calculation is done to determine the number of shares that would have been acquired at fair value (determined as the average market share price of the Company's shares during the current year) based on the monetary value of the subscription rights attached to these outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2009 and 2008 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Trade receivables *(Note (a))*	**385,704**	328,443
Bills receivables *(Note (b))*	**53,838**	161,930
Less: provision for impairment of receivables	**(21,781)**	(16,021)
	417,761	474,352
Prepayments, deposits and other receivables	**57,234**	55,808
	474,995	530,160

Note (a): Trade receivables

The Group's credit terms to trade debtors range from 0 to 180 days. At 30 June 2009 and 31 December 2008, the ageing analysis of the trade receivables was as follows:

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Current to 90 days	**227,804**	217,517
91 to 180 days	**27,990**	51,539
181 to 365 days	**87,612**	27,099
Over 365 days	**42,298**	32,288
	385,704	328,443

The Group's sales are made to several major customers and there is a concentration of credit risks. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

Receivables that were past due but not impaired were related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered as fully recoverable. The Group does not hold any collateral over these balances.

Note (b): Bills receivables

The balance represents bank acceptance notes with maturity dates of less than six months.

The maturity profile of the bills receivables is as follows:

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Falling within 90 days	**37,734**	74,910
Falling within 91 to 180 days	**16,104**	87,020
	53,838	161,930

As at 30 June 2009, none of the Group's bill receivables (31 December 2008: HK$5,717,000) were pledged to banks for short-term borrowings.

13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Trade payables (Note below)	**142,614**	186,495
Other payables and accruals	**72,946**	119,132
Pension obligations	**2,075**	5,541
Social security and other taxes	**2,032**	29,054
	219,667	340,222

Note:

At 30 June 2009 and 31 December 2008, the ageing analysis of the trade payables was as follows:

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Current to 90 days	**96,663**	152,235
91 days to 180 days	**14,839**	21,986
181 days to 365 days	**29,204**	2,414
Over 365 days	**1,908**	9,860
	142,614	186,495

MANAGEMENT DISCUSSION AND ANALYSIS

	1H2009	1H2008	Change
	HK$'000	*HK$'000*	+/(-)%
RESULTS			
Turnover	**485,596**	524,420	-7%
Gross profit	**224,628**	248,720	-10%
Segmental EBITDA (before unallocated items)	**84,975**	151,593	-44%
Profit before income tax	**59,925**	114,162	-48%
Profit for the period	**39,617**	90,291	-56%
Attributable to:			
– Equity holders of the Company	**32,490**	74,429	-56%
– Non-controlling interests	**7,127**	15,862	-55%
	39,617	90,291	
Gross margin (%)	**46%**	47%	
Segmental EBITDA margin (%)	**17%**	29%	
Net profit margin (%)	**8%**	17%	
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic *(HK$)*	**0.014**	0.033	-58%
– Diluted *(HK$)*	**0.014**	0.033	-58%

	30 June 2009	31 December 2008	Change
	HK$'000	*HK$'000*	+/(-)%
HIGHLIGHTS OF FINANCIAL POSITION			
Total equity	**1,757,795**	1,264,669	+39%
Net current assets	**1,438,797**	954,785	+51%
Total assets	**2,034,319**	1,668,816	+22%
Net assets per share *(HK$)*	**0.668**	0.567	+18%

	Turnover			EBITDA		
	1H2009	1H2008	Change	**1H2009**	1H2008	Change
	HK$'000	*HK$'000*	+/(-)%	***HK$'000***	*HK$'000*	+/(-)%
PAX electronic products and services						
Electronic payment products and services	**196,221**	265,021	-26%	**29,940**	82,125	-64%
Electronic power meters and solutions	**91,515**	115,269	-21%	**(2,150)**	19,499	-111%
HI SUN Value-added solutions and services						
Telecommunication solutions and operation value-added services	**165,711**	114,664	+45%	**88,765**	64,540	+38%
Financial solutions, services and related products	**24,211**	28,957	-16%	**(12,850)**	(14,571)	N/A
Payment solutions and services	**7,458**	–	N/A	**(18,730)**	–	N/A
Segmental results	**485,116**	523,911	-7%	**84,975**	151,593	-44%
Unallocated	**480**	509	-6%	**274**	8	+3325%
Total	**485,596**	524,420	-7%	**85,249**	151,601	-44%
Depreciation				**(20,090)**	(18,762)	+7%
Amortisation				**(4,411)**	(4,927)	-10%
				60,748	127,912	-53%
Other revenue, net				**8,758**	2,054	+326%
Unallocated head office and corporate expenses				**(9,238)**	(14,788)	-38%
Finance cost				**(343)**	(1,016)	-66%
Profit before income tax				**59,925**	114,162	-48%
Income tax expense				**(20,308)**	(23,871)	-15%
Profit for the year				**39,617**	90,291	-56%

During the six months ended 30 June 2009 ("1H2009"), the Group recorded a decline in total turnover and segmental EBITDA from that of 1H2008. The Group's turnover amounted to HK$485.60 million, representing a decline of 7% compared to 1H2008. Segmental EBITDA amounted to HK$85.25 million, representing a decrease of 44% compared to 1H2008. Profit before taxation dropped by HK$54.24 million as compared to 1H2008. PRC income tax for certain subsidiaries operating in the PRC was provided at standard rate of 25% in advance during the period. Under the New CIT Law, the operating subsidiaries which are qualified as High and New Technology Enterprises ("HNTEs") are eligible for a reduced income tax rate of 15%.

With regard to our balance sheet, the total assets as at 30 June 2009 amounted to HK$2,034.32 million, compared with HK$1,668.82 million as at 31 December 2008. As at 30 June 2009, net current assets amounted to HK$1,438.80 million, compared with HK$954.79 million as at 31 December 2008.

In April 2009, the Group disposed of 8,750,000 ordinary shares of Pax Technology Limited (the "Sale Shares") at the consideration of US$20 million (equivalent to approximately HK$155.4 million). Immediately upon registration of the Sale Shares in the name of the Purchaser, the Sale Shares were re-designated as the PAX Series B preference shares on a one-to-one basis and those PAX Series B preference shares shall represent 20% of the total issued share capital of PAX. The proceeds from the disposal will be used for the Group's general working capital. Besides, PAX also adopted a PAX Share Option Scheme for the issuance of such number of PAX ordinary shares representing no more than 5% of the total number of PAX shares in issue. Up to the date of this announcement, no option was granted under the PAX Share Option Scheme.

In May 2009, an aggregate of 400,000,000 new shares were issued and allotted by the Company at HK$0.75 per share. Proceeds from the subscription would be utilized as to approximately HK$60 million for the development of 3G mobile value-added solutions and services, mainly 3G mobile gaming in the PRC; approximately HK$60 million for the development of payment operation services in the electronic payment market in the United States of America; approximately HK$30 million for the development of financial solution and electronic meter and automated solution outsourcing services; and the remaining balance as general working capital of the Group.

PAX Electronic Products and Services

Electronic payment products and services ("EFT-POS terminals")

	1H2009	1H2008	Change
	HK$'000	*HK$'000*	+/(-)%
Turnover	**196,221**	265,021	-26%
EBITDA	**29,940**	82,125	-64%
Operating profit	**29,022**	81,336	-64%
Research and development costs	**11,504**	6,631	+73%

Our EFT-POS terminals experienced a 26% decline in turnover as compared to 1H2008, mainly attributable to the particularly strong sales demand in 1H2008 prior to the 2008 Beijing Olympic Games. Besides, the financial tsunami in late 2008 also led to the holding back of certain sales orders by the financial institutions during the period. Notwithstanding the keen competition in the markets, we managed to maintain our gross profit margin at 35%, through introducing new product designs, maintaining effective cost controls and leveraging volume growth. Total shipments for the period amounted to over 115,000 units in 1H2009.

By June 2009, the total number of EFT-POS terminals in Mainland China amounted to approximately 2.1 million, reflecting a relatively low penetration rate as compared to most developed countries. It provides ample room for the expansion of EFT-POS terminals business. On the other hand, bank payment cards issuance in Mainland China continued to surge with a total number exceeding 1.9 billion by end of 1Q2009. During 1Q2009, card payment transaction volume amounted to over 740 million transactions, totalling over RMB1.2 trillion.

In addition, PAX Technology further strengthened its foothold in the international market where turnover increased by 14% as compared to 1H2008. The international sales market represented 14% of total sales of this segment. Currently, our products were sold to Vietnam, Singapore and Japan. We are also selling to certain European countries, such as Denmark, France, Russia. Markets in the Middle East included Saudi Arabia while in Africa, our market covered South Africa and Ghana. Looking ahead, we will look for new opportunities and delve into the Asia and American markets as well as the Oceania countries. With the first class products and services, we endeavor to make PAX Technology an international brand symbolizing top quality electronic payment products and solutions.

R&D costs rose by 73% compared to 1H2008 with more exertion placed in development of new products such as our latest multi-lane terminals and contactless devices.

Electronic power meters and solutions ("PAX Electricity")

	1H2009	1H2008	Change
	HK$'000	*HK$'000*	+/(-)%
Turnover	**91,515**	115,269	-21%
EBITDA	**(2,150)**	19,499	-111%
Operating (loss)/profit	**(11,817)**	9,916	-219%
Research and development costs	**10,323**	9,088	+14%

During the current period, there was a decline in segmental turnover as a result of the holding up of various procurement plans by the electricity companies, awaiting for more details regarding the national electricity network development and reformation plan.

At the national energy work conference held in February this year, a plan was adopted to strengthen the construction and transformation of our electric grids and realize the concerted development of our electric grids and electric power sources. In May this year, the State Grid Company proposed to accelerate the construction of a unified strong and smart grid with IT, digital, automation and interactive features. In mid-July, the State Grid Company further specified the objectives of the various phases and significance of the construction of a strong and smart grid. The strong and smart grid, in broad sense, is the backbone of an intelligent electric power system, which requires a high degree of synergies in various aspects of operations such as planning, design, construction and operation of electric grids as well as marketing and related services. The improvement in the intelligence level of electric grids will help promote the upgrading and transformation of our traditional electric grids into environmentally-clean, highly-efficient and interactive modernized grids.

Total investment in the three phases of the development of the intelligent grid are estimated to exceed RMB4 trillion. An estimation of RMB550 billion will be invested in the first phase (from 2009 to 2010), out of which RMB83 billion will be allocated to the construction of ultra-high voltage grids; some RMB2 trillion is estimated to be invested in the second phase (from 2011 to 2015), out of which RMB300 billion will be allocated to ultra-high voltage grids; and some RMB1.7 trillion is estimated to be invested in the third phase (from 2016 to 2020), out of which RMB250 billion will be allocated to ultra-high voltage grids. Out of the annual investment amount of more than RMB200 billion, it is estimated that over 70% of which will be used in the purchase of equipments and materials.

Our strategic partnership with international leaders aiming at the overseas market expansion, mainly to the European and South East Asian countries under the IEC standards, progressed satisfactorily during 1H2009. We are receiving orders from diverse overseas countries such as Australia, Sweden and New Zealand. The need to replace the traditional mechanical meters with the more technologically advanced and automated electronic meters and solutions is rapidly growing. The international sales market represented 8% of total sales of this segment.

Increased R&D expenses were due to more exertion placed to improve the quality of existing products and development of new series. Likewise, we consistently launch new and innovative products to meet the ever-changing technology and market demand. Looking ahead, we would like to explore the market in electronic meter and automated solution outsourcing services.

Hi Sun Value-added Solutions and Services

Telecommunication solutions and operation value-added services

	1H2009	1H2008	Change
	HK$'000	*HK$'000*	+/(-)%
Turnover	**165,711**	114,664	+45%
EBITDA	**88,765**	64,540	+38%
Operating profit	**83,339**	59,107	+41%

During the period, we continued to provide the exclusive nation-wide interactive voice response ("IVR") and interactive video and voice response ("IVVR") platform for China Mobile. Benefiting from market growth, turnover grew by 45% to HK$165.71 million. In 1H2009, we maintained a healthy operating profit margin compared to that of 1H2008.

We anticipate more modest growth in the traditional IVR business after years of significant increase in the traffic volume since 2005. Whilst, we expect a steady growth in the operating profit through a combination of operation efficiencies and effective cost management. Looking ahead, we will continue to prudently develop other innovative value-added solutions and services, such as the IMS user-end software and 3G mobile value-added solutions and services, mainly 3G mobile gaming in the PRC.

Financial solutions, services and related products

	1H2009			1H2008			
	Financial solutions	**Other value added services**	**Total**	Financial solutions	Other value added services	Total	Change
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	+/(-)%
Turnover*	**12,349**	**11,862**	**24,211**	17,321	11,636	28,957	-16%
EBITDA	**(18,717)**	**5,867**	**(12,850)**	(18,204)	3,633	(14,571)	N/A
Operating loss	**(19,463)**	**(1,243)**	**(20,706)**	(18,914)	(2,943)	(21,857)	N/A

* *Turnover represented revenue from external customers*

In 1H2009, the financial solutions segment recorded an operating loss of HK$19.46 million as compared to operating loss of HK$18.91 million in 1H2008. With the aim to create a more stable, sustainable and recurring income streams, we have refocused certain measures to extend our underlying strength and expertise in providing banking value-added solutions. Our banking value-added solutions services include business operation solutions, system development and operation services, and other outsourcing services.

Payment solutions and services

	1H2009
	HK$'000
Turnover	7,458
EBITDA	(18,730)
Operating loss	(18,779)

During the current period, we have extended our business into another innovative area – payment solutions. With the unique position of Hi Sun and the remarkable synergy among our various segments, we have established a new subsidiary, Hunan Hisun Mobile Pay IT Ltd. ("Mobile Pay") in March 2009, providing payment solutions and value-added services. Currently, Mobile Pay is principally engaged in the operation and development the first nation-wide mobile payment platform and solution with China Mobile, which will enable consumers to use their cell phones as a payment device, bringing additional growth impetus to the Group. Operating loss of HK$18.8 million during the period was mainly due to start up costs and pre-operating expenses.

OUTLOOK

It is anticipated that the business environment in 2H2009 and Year 2010 will continue to be challenging. However, we believe that the steady cash brought by the electronic payment and telecommunication solutions, combined with our strong financial position will help the Group to regain its momentum with various existing business opportunities ahead.

Electronic payment products and services

Looking forward, electronic payment solutions and products are expected to remain the major income stream for the Group. Hi Sun enjoys over 30% market share and is one of the dominant service providers in China. Persistent force from the Chinese government to modernize the country's payment infrastructure and to improve the acceptance of card payments, are expected to drive the demand of our products. The stable cash inflow generated from this business segment will strengthen Hi Sun's balance sheet and provide working capital in other developing business segments.

Electronic power meters and solutions

Market outlook remains strong with current industry trends supporting an increase in demand for advanced power meter solutions. In view of the escalating awareness on energy-saving solutions, the State Grid and the China Southern Power Grid are looking out for environmental-friendly, effective and efficient electricity network and energy system. Currently, the State Grid has proposed to construct a Strong and Smart Grid by Year 2020. All these factors are expected to contribute to the market demand for electronic power meters.

Telecommunication solutions and operation value-added services

Hi Sun continues to benefit from its agreement with China Mobile to provide an exclusive IVR and IVVR platforms which bring to the Group a perpetual revenue stream. Subsequent to the restructuring of the telecommunication industry in the PRC, it is anticipated that China telecommunication operators will further expand their operation and increase investment in the sector. Hi Sun believes that the competition and government investment will create greater industry diversity, bringing opportunities for new products and high value-added services and solutions over the long run. Apart from the existing businesses, we will continue to develop other innovative value-added solutions and services, such as the IMS user-end software and 3G mobile value-added solutions and services, mainly 3G mobile gaming in the PRC.

Financial solutions, services and related products

The global financial turmoil in late 2008 has adversely impacted the economic conditions, especially financial institutions and their related businesses. With the aim to create a more stable, sustainable and recurring income streams, we have refocused certain measures to extend our underlying strength and expertise in providing banking related value-added solutions. Currently, our mission is to enhance our position and become a significant service provider to financial institutions in Mainland China. Our relatively significant experience in deploying financial solutions provides us with future revenue opportunities as banks and other financial institutions throughout the world are increasingly outsourcing certain non-core management functions to simplify operations and lower costs. Financial solutions will remain our core competencies and continue to create values and synergy among our telecommunication solutions, financial solutions and EFT-POS terminals segments.

Payment solutions and services

In the application of the emerging mobile e-commerce, mobile payment has always been considered by the industry as an important aspect of future development. Boasting the largest mobile phone market in the world, China has more than 600 million mobile phone users, with mobile phones reaching all spheres of people's social life. Looking to examples abroad, the development of the mobile payment business in Japan and South Korea has developed rapidly. The mobile payment business will grow into another brand new e-commerce platform, following that by personal computer.

Relevant survey reports predict that the volume of e-commerce transactions in China will hit RMB3,427.8 billion in 2009, and will maintain a growth rate of 40% or above. Currently, the PRC government is proceeding with a number of projects to improve the people's livelihood, such as mobile mass traffic, mobile tickets and shopping, etc. The aim is to promote the application of all types of products to make the people's livelihood better, thus laying a solid foundation for the smooth implementation of mobile payment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group reported total assets of HK$2,034.32 million (31 December 2008: HK$1,668.62 million), which were financed by total liabilities of HK$267.52 million (31 December 2008: HK$403.95 million) and equity of HK$1,757.80 million (31 December 2008: HK$1,264.67 million). The net asset value was HK$1,757.80 million (31 December 2008: HK$1,264.67 million). The net asset value per share amounted to HK$0.67 per share as compared to HK$0.57 per share as at 31 December 2008.

As at 30 June 2009, the Group had cash and short-term bank deposit of HK$1,051.99 million (31 December 2008: HK$641.56 million) and short term borrowings of HK$6.78 million (31 December 2008: HK$15.21 million). The net cash position as at 30 June 2009 was HK$1,045.21 million as compared to HK$626.35 million as at 31 December 2008. The short term borrowings included short term bank loan to fund the Group's working capital requirements.

CAPITAL STRUCTURE AND DETAILS OF CHARGES

As at 30 June 2009, the Group's short term borrowings included short term bank loan which was denominated in Renminbi, amounting to RMB6 million. The short term bank loan was charged at interest of 8.59% per annum.

Approximately HK$170.23 million, HK$363.10 million, HK$1.80 million and HK$323.36 million of the Group's cash balances were denominated in Renminbi, Hong Kong dollar, Euro and US dollar respectively as at 30 June 2009.

As at 30 June 2009, short term bank loans of HK$6.78 million were secured by the leasehold land and building of a subsidiary of the Company and the corporate guarantee from an independent third party, Shenzhen High and New Technology Investment Guarantee Company Limited.

EMPLOYEES

The total number of employees of the Group as at 30 June 2009 was 1,757. The breakdown of employees by division is as follows:

Electronic payment products and services	279
Telecommunication solutions	335
Financial solutions	420
Payment solutions	44
Electronic power meters and solutions	664
Corporate office	15
	1,757

The Group ensures that its remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's businesses.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as EBITDA, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

SHARE OPTION SCHEME

(a) The Company

The Company operates a share option scheme (the "Scheme") for the purpose of attracting, retaining and motivating talented employees in order to strive for future developments and expansion of the Group. Eligible participants of the Scheme include the Group's full-time employees, and executive and non-executive Directors. The Scheme became effective on 29 November 2001 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date.

On 26 September 2005, 33,300,000 share options were granted to certain Directors and employees at an exercise price of HK$0.768 per shares (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015. The option period commences on 26 September 2005 and expires 10 years thereafter. Option granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

On 2 January 2007, 43,000,000 share options were granted to certain employees at an exercise price of HK$2.00 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 2 January 2007) with an expiry date of 1 January 2010.

There are no changes in any term of the Scheme during the year of 2008 and the six months ended 30 June 2009.

During the six months ended 30 June 2009, no share options have been granted, exercised or lapsed. The Group has no legal or constructive obligation to repurchase or settle the options in cash. As at the date of this announcement, the Company has 41,458,000 share options outstanding.

(b) Share Option Scheme of PAX Technology Limited

On 29 April 2009, PAX adopted a PAX Share Option Scheme for the issuance of such number of PAX Ordinary Shares representing no more than 5% of the total number of PAX Shares in issue.

The PAX Share Option Scheme is designed to provide the directors, employees, advisors and consultants of the PAX Group with the opportunity to acquire proprietary interests in the PAX Group, which will encourage the grantees of such options to work towards enhancing the value of the PAX Group and benefit the PAX Group as a whole. The board of directors of PAX or a duly authorised committee thereof shall administer the PAX Share Option Scheme to achieve the purpose of the PAX Share Option Scheme and have the rights at its discretion to determine (i) the minimum period for which the options under the scheme must be held before it can be exercised; (ii) the performance targets; and (iii) the subscription price per PAX Ordinary Share at which a grantee may subscribe for the PAX Ordinary Shares on the exercise of an option pursuant to the terms of the PAX Share Option Scheme.

Up to the date of this announcement, no share options in relation to the PAX Share Option Scheme was granted.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2009.

EXCHANGE RATES EXPOSURE

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in US dollars, Renminbi and Hong Kong dollars. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of Hong Kong dollar or Renminbi may have an impact on the operating results of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed companies on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). The Model Code sets a required standard against which Directors and employees of the Company and its subsidiaries (the "Group") must measure their conduct regarding transactions in securities of the Company.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, except for the following:

Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 18 May 2009, however, Mr. Li Wenjin, as an Executive Director of the Company, took the chair pursuant to the Bye-laws of the Company.

As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Xu Sitao. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial report for the six months ended 30 June 2009 with the Directors.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company have an interest in any business constituting a competing business to the Group.

PENSION SCHEME

The subsidiaries operating in Hong Kong are required to participate in a defined contribution retirement scheme of the Group or Company set up in accordance with the Hong Kong Mandatory Provident Fund Ordinance. Under the scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK$1,000 (the "Mandatory Contributions"). The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65 years old, death or total incapacity.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year of those workers in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those workers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained the amount of public float as required under the Listing Rules throughout the six months ended 30 June 2009.

By Order of the Board
Li Wenjin
Executive Director

Hong Kong, 6 August 2009

As at the date of this announcement, the Board comprises five executive Directors namely Mr. Cheung Yuk Fung, Mr. Kui Man Chun, Mr. Xu Wensheng, Mr. Li Wenjin and Mr. Xu Chang Jun; and three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger.