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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 818)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	Change +/(–)
RESULTS			
Turnover	1,278,518	1,213,468	+5%
Gross profit	518,739	553,780	–6%
Other income	35,194	29,454	+19%
Other gains/(losses), net	992	(6,432)	N/A
Segmental EBITDA	192,768	226,137	–15%
Profit before income tax	143,766	176,553	–19%
Profit for the year	114,923	135,678	–15%
Profit attributable to:			
– Equity holders of the Company	85,845	114,350	
– Non-controlling interests	29,078	21,328	
	<u>114,923</u>	<u>135,678</u>	
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic (HK\$)	0.035	0.051	–31%
– Diluted (HK\$)	0.035	0.051	–31%
	As at 31 December		
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	Change +/(–)
KEY BALANCE SHEET ITEMS			
Total equity	1,915,776	1,264,669	+51%
Net current assets	1,609,370	954,785	+69%
Total assets	2,318,330	1,668,616	+39%
Net assets per share (HK\$)	0.717	0.567	+26%

The Board of Directors (the “Board”) of Hi Sun Technology (China) Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 together with the comparative figures for year 2008. The annual results have been reviewed by the Company’s Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

	Turnover*			EBITDA		
	2009 HK\$'000	2008 HK\$'000	Change +/(–)	2009 HK\$'000	2008 HK\$'000	Change +/(–)
PAX transaction data						
capture terminals and solutions						
Electronic payment products and services (“EDC-POS Terminals”)	492,942	493,589	-0%	102,435	119,336	-14%
Electronic power meters and solutions	253,586	350,167	-28%	25,033	62,033	-60%
HI SUN value-added solutions and services						
Telecommunication solutions and operation value-added services	359,646	248,105	+45%	148,271	136,234	+9%
Financial solutions, services and related products	148,968	120,608	+24%	23,205	(29,746)	N/A
Payment solutions and services	22,452	–	N/A	(45,970)	–	N/A
Others	924	999	-8%	(60,206)	(61,720)	+2%
Segmental results	<u>1,278,518</u>	<u>1,213,468</u>	<u>+5%</u>	192,768	226,137	-15%
Depreciation				(40,673)	(39,268)	-4%
Amortisation				(7,865)	(8,772)	+10%
Operating profit				144,230	178,097	-19%
Finance cost				(464)	(1,544)	+70%
Profit before income tax				143,766	176,553	-19%
Income tax expense				(28,843)	(40,875)	+29%
Profit for the year				<u>114,923</u>	<u>135,678</u>	<u>-15%</u>

* Turnover from external customers

During year ended 31 December 2009, the Group's turnover amounted to HK\$1,278.52 million, representing an increase of 5% compared to 2008. Segmental EBITDA amounted to HK\$192.77 million, representing a decrease of 15% compared to 2008. Profit before income tax dropped by HK\$32.79 million as compared to 2008.

With regard to our balance sheet, the total assets as at 31 December 2009 amounted to HK\$2,318.33 million, compared with HK\$1,668.62 million as at 31 December 2008. As at 31 December 2009, net current assets amounted HK\$1,609.37 million, compared with HK\$954.79 million as at 31 December 2008.

Investing and Financing activities

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 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 solutions and electronic power meter and solutions outsourcing services; and the remaining balance as general working capital of the Group.

In January 2010, Success Bridge Limited ("SBL") allotted 600 SBL preference shares at a total subscription price of US\$60 million (equivalent to approximately HK\$465 million) to a subscriber. SBL preference shareholders will at any time from the date of issuance until a qualified IPO becoming unconditional, be entitled to convert all or part of the SBL preference shares into the SBL ordinary shares on the basis of one SBL preference share into one SBL ordinary share (subject to adjustments) and those SBL preference shares shall represent 6% of the total issued share capital of SBL as enlarged by the subscription. Net proceeds from the subscription of approximately HK\$463 million will be utilized as to approximately HK\$200 million for the development of 3G mobile value-added solutions and services; and approximately HK\$200 million for the development of wireless payment operation services in the PRC; and the remaining balance as general working capital of SBL and its subsidiaries.

In March 2010, New Concept Services Limited ("New Concept"), a wholly-owned subsidiary of the Company purchased the entire issued share capital of Mega Hunt Investments Limited from Rich Giant Investments Limited ("Rich Giant"). The consideration was satisfied by the allotment and issue of the NC consideration shares, representing 20% of the issued share capital of New Concept as enlarged by the allotment and issue of such NC consideration shares. Rich Giant will procure that New Concept can secure the employment of the technical experts for the research and development of low voltage power line carrier wave communication technology ("PLC") and will also procure certain intellectual property rights in respect of PLC to be transferred to New Concept at nil consideration. PLC is a kind of communication system specifically designed for electricity system, whereby analog and digital data are transmitted by carrier wave through the power lines in the existing electricity

system. It has the advantage of wide coverage of communication by utilizing the power lines in the existing electricity system. With the acquisition, New Concept is able to leverage on the technology developed by the technical experts and have synergy effects with the electronic power meters and solutions business.

PAX TRANSACTION DATA CAPTURE TERMINALS AND SOLUTIONS

Electronic payment products and services (“EDC-POS terminals”)

	2009	2008	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+/(%)
Turnover	492,942	493,589	-0%
EBITDA	102,435	119,336	-14%
Operating profit	100,512	117,601	-15%
Research and development costs	<u>24,149</u>	<u>13,194</u>	+83%

The turnover of EDC-POS terminals maintained at similar level as compared with last year, with new sales record of total shipment over 300,000 units in 2009. While the financial tsunami in late 2008 led to the holding back of certain sales orders by the financial institutions during the first half year in 2009, turnover experienced an increase in the second half year along with the economic recovery.

By the end of 2009, the total number of EDC-POS terminals in Mainland China amounted to approximately 2.4 million, reflecting a relatively low penetration rate as compared to most developed countries. It provides ample room for the expansion of EDC-POS terminals business. On the other hand, bank payment cards issuance in Mainland China continued to surge with a total number exceeding 2.0 billion by the end of 2009. During 2009, card payment transaction volume amounted to over 2.9 billion transactions, totalling over RMB6.0 trillion. In 2010, PAX Technology’s EDC-POS terminals sales in Mainland China are expected to keep its momentum, as fueled by the rising acceptance of card payments from the incessant improvement of the payment transactions and processing infrastructure.

In addition, PAX Technology further strengthened its foothold in the international market where turnover increased by 25% as compared to last year, representing 18% of total sales of this segment. Currently, our products are sold to Vietnam, Singapore and Japan. We are also selling to certain European countries, such as Austria, Denmark, France. 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 83% compared to 2008 with more exertion placed in development of new products such as our latest multi-lane terminals and contactless devices.

Electronic power meters and solutions

	2009	2008	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+/(-)
Turnover	253,586	350,167	-28%
EBITDA	25,033	62,033	-60%
Operating profit	6,677	42,878	-84%
Research and development costs	<u>24,505</u>	<u>9,309</u>	+163%

During the current year, 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.

In Year 2009, State Grid plans to invest nearly RMB80 billion on construction of power consumption information collection system in 298 cities in 27 provinces over the next two years. RMB15 billion and RMB46 billion will be invested in power related information collection system and purchase of the three-phase and single-phase electronic power meters respectively. Currently, the State Grid has proposed to construct a smart grid by Year 2020. China Southern Power Grid in the working conference in 2010 put forward that investment in fixed asset is expected to reach RMB104.2 billion, including RMB88 billion invested in grid construction. Accordingly, the China Southern Power Grid's investment in the electronic power meter would also substantially increase.

Increased R&D expenses were due to more exertion placed to improve the quality of existing products and development of new series so as to be in line with the needs of the development of power grids.

HI SUN VALUE-ADDED SOLUTION AND SERVICES

Telecommunications solutions and operation value-added services

	2009	2008	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+/(-)
Turnover	359,646	248,105	+45%
EBITDA	148,271	136,234	+9%
Operating profit	137,408	125,067	+10%
Research and development costs	<u>26,173</u>	<u>-</u>	N/A

During the year, we continued to be the sole provider of the nation-wide interactive voice response ("IVR") and interactive video and voice response ("IVVR") platform for China Mobile. Our service of MDO platform started to generate income in the 2H2009, bringing us additional turnover of over HK\$50 million. With the benefit from market growth, turnover grew by 45% to HK\$359.65 million while operating profit increased by 10%, given the operating costs in commencement of the new MDO platform and additional R&D expenses incurred in the current year.

We anticipate more modest growth in the traditional IVR business after years of significant increase in the traffic volume since 2005. We expect new revenue growth from IVVR and MDO business starting from 2010. We manage to have a steady growth in the operating profit through a combination of operation efficiencies and effective cost management. Looking ahead, we will continue to develop other innovative wireless value-added solutions and services in the PRC.

R&D expenses were placed to improve the quality of existing products and development of new products. Likewise, we consistently launch new and innovative products to meet the ever-changing technology and market demand.

Financial solutions, services and related products

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	Change +/(-)
Turnover*	148,968	120,608	+24%
EBITDA	23,205	(29,746)	N/A
Operating profit/(loss)	<u>7,253</u>	<u>(44,533)</u>	N/A

* *Turnover from external customers*

In 2009, the segmental turnover rose by 24% to HK\$148.97 million. Our financial solutions segment recorded an operating profit of HK\$7.25 million as compared to operating loss of HK\$44.53 million in 2008. New source of income was generated with the development of our business into new banking-related industries. With the aim to create a more stable, sustainable and recurring income streams, we have developed the foundation for profitability in 2010 by focusing certain measures to extend our underlying strength and expertise in providing cross-industry value-added solutions. Our value-added solutions services include industrial advisory, business operation solutions, system development and operation services, and other outsourcing services.

Payment solutions and services

	2009 <i>HK\$'000</i>
Turnover	22,452
EBITDA	(45,970)
Operating loss	<u>(46,211)</u>

During the current year, we have extended our business into another innovative area – payment solutions. With the unique position of Hi Sun and the remarkable synergy among our telecommunication and financial solutions 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 of the first nationwide mobile payment platform and solution with China Mobile, promoting mobile payment to be the most common means of payment. Personal financial information services of mobile e-commerce payments can be achieved by buying goods, checking account information using their cell phones as a payment device.

Payment solutions is expected to bring additional growth impetus to the Group. Operating loss of HK\$46.21 million during the year was mainly due to start up costs and pre-operating expenses. While our mobile payment solution only became operational in March 2009, the commercial trial has commenced in Q3 2009 and it was successfully launched in 2010 in all 33 provinces in the PRC.

OUTLOOK

It is anticipated that the business environment in Year 2010 will continue to be challenging. However, we believe that given the steady cash brought by the EDC-POS terminal business and telecommunication solutions, together with the enormous room for growth in various businesses and our strong financial position, the Group is going to regain its momentum with existing business opportunities ahead.

Electronic payment products and services (“EDC-POS Terminals”)

Looking forward, electronic payment products and services are expected to remain one of the major income streams for the Group. Currently, Hi Sun is one of the dominant market leaders 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 provides working capital for the development of emerging market and continuous research and development of innovative and high quality products.

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 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 nation-wide IVR and IVVR platforms as well as the new MDO platform which bring to the Group a perpetual revenue stream. Subsequent to the restructuring of the telecommunication industry in the PRC, it is anticipated that telecommunication operators in China 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 inventive wireless value-added solutions and services 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 value-added solutions for multi-industries. 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 to our Group.

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 the example of personal computer.

According to relevant survey reports, the size of the third-party e-payment market transactions in China sustained rapid growth. Volume of transaction reached RMB580.8 billion in 2009, with quarterly growth rate maintained at 19% or above. Currently, the PRC government is proceeding with a number of projects to increase usage in this regard, 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 31 December 2009, the Group reported total assets of HK\$2,318.33 million (2008: HK\$1,668.62 million), which were financed by total liabilities of HK\$402.55 million (2008: HK\$403.95 million) and equity of HK\$1,915.78 million (2008: HK\$1,264.67 million). The net asset value was HK\$1,915.78 million (2008: HK\$1,264.67 million). It amounted to HK\$0.72 per share as compared to HK\$0.57 per share as at 31 December 2008.

As at 31 December 2009, the Group had cash and short-term bank deposit of HK\$1,401.72 million (2008: HK\$641.56 million) and no short term borrowings (2008: HK\$15.21 million). The net cash position as at 31 December 2009 was HK\$1,401.72 million as compared to HK\$626.35 million as at 31 December 2008.

CAPITAL STRUCTURE AND DETAILS OF CHARGES

As at 31 December 2009, the Group did not have any short term borrowings.

Approximately HK\$421.32 million, HK\$427.44 million, HK\$289.96 million and HK\$1.25 million of the Group's cash balances were denominated in Renminbi, Hong Kong dollar, US dollar and Euro respectively as at 31 December 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.

Contingent liabilities

The Group had no material contingent liability as at 31 December 2009.

Employees

The total number of employees of the Group as at 31 December 2009 was 1,988. The breakdown of employees by division is as follows:

PAX transaction data capture terminals and solutions	1,026
Electronic payment products and services (“EDC-POS Terminals”)	313
Electronic power meters and solutions	713
Hi Sun Value-added Solutions and Services	925
Telecommunication solutions	330
Financial solutions	420
Payment solutions	175
Corporate office	37
	<u>1,988</u>

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 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.

CONSOLIDATED INCOME STATEMENT

		For the year ended	
		31 December	
		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	1,278,518	1,213,468
Cost of sales	4	<u>(759,779)</u>	<u>(659,688)</u>
Gross profit		518,739	553,780
Other income	2	35,194	29,454
Other gains/(losses), net	2	992	(6,432)
Selling expenses	4	(126,023)	(119,841)
Administrative expenses	4	<u>(284,672)</u>	<u>(278,864)</u>
Operating profit		144,230	178,097
Finance costs	5	<u>(464)</u>	<u>(1,544)</u>
Profit before income tax		143,766	176,553
Income tax expense	6	<u>(28,843)</u>	<u>(40,875)</u>
Profit for the year		<u>114,923</u>	<u>135,678</u>
Profit Attributable to:			
– Equity holders of the Company		85,845	114,350
– Non-controlling interests		<u>29,078</u>	<u>21,328</u>
		<u>114,923</u>	<u>135,678</u>
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic (HK\$)	7	<u>0.035</u>	<u>0.051</u>
– Diluted (HK\$)	7	<u>0.035</u>	<u>0.051</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	114,923	135,678
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>(348)</u>	<u>43,665</u>
Total comprehensive income for the year	<u>114,575</u>	<u>179,343</u>
Total comprehensive income attributable to:		
– Equity holders of the Company	85,498	155,412
– Non-controlling interests	<u>29,077</u>	<u>23,931</u>
	<u>114,575</u>	<u>179,343</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2009	2008
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Investment properties		1,827	1,969
Property, plant and equipment		125,734	147,541
Leasehold land		42,007	44,180
Intangible assets		116,064	122,835
Available-for-sale financial assets	8	23,400	–
Total non-current assets		309,032	316,525
Current assets			
Inventories		167,558	170,063
Trade and other receivables, prepayments and deposits	9	437,805	530,160
Due from a related company		–	1,176
Financial assets at fair value through profit or loss		480	519
Restricted cash		1,740	8,612
Short-term bank deposits		261,741	124,300
Cash and cash equivalents		1,139,974	517,261
Total current assets		2,009,298	1,352,091
Total assets		2,318,330	1,668,616
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		6,684	5,580
Reserves		1,746,156	1,191,387
		1,752,840	1,196,967
Non-controlling interests		162,936	67,702
Total equity		1,915,776	1,264,669

		As at 31 December	
		2009	2008
	<i>Notes</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>2,626</u>	<u>6,641</u>
Total non-current liabilities		<u>2,626</u>	<u>6,641</u>
Current liabilities			
Trade and other payables	<i>10</i>	363,402	340,222
Taxation payable		36,526	41,875
Borrowings		<u>–</u>	<u>15,209</u>
Total current liabilities		<u>399,928</u>	<u>397,306</u>
Total liabilities		<u>402,554</u>	<u>403,947</u>
Total equity and liabilities		<u>2,318,330</u>	<u>1,668,616</u>
Net current assets		<u>1,609,370</u>	<u>954,785</u>
Total assets less current liabilities		<u>1,918,402</u>	<u>1,271,310</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to the equity holders of the Company						Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserves HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000		
Balance at 1 January 2009	5,580	548,330	168,434	21,204	82,022	371,397	67,702	1,264,669
Comprehensive income								
Profit for the year	-	-	-	-	-	85,845	29,078	114,923
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	(347)	-	(1)	(348)
Total comprehensive income	-	-	-	-	(347)	85,845	29,077	114,575
Transaction with owners								
Shares issued under share options scheme of the Company	104	82,810	-	-	-	-	-	82,914
Issue of new shares	1,000	299,000	-	-	-	-	-	300,000
Share issue expenses	-	(120)	-	-	-	-	-	(120)
Difference arising on disposal of 20% equity interest in a subsidiary	-	-	-	87,581	-	-	66,157	153,738
Total transaction with owners	1,104	381,690	-	87,581	-	-	66,157	536,532
Balance at 31 December 2009	6,684	930,020	168,434	108,785	81,675	457,242	162,936	1,915,776

Attributable to the equity holders of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2008	5,580	548,330	168,434	34,496	40,960	257,047	46,013	1,100,860
Comprehensive income								
Profit for the year	-	-	-	-	-	114,350	21,328	135,678
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	41,062	-	2,603	43,665
Total comprehensive income	-	-	-	-	41,062	114,350	23,931	179,343
Transaction with owners								
Purchase of 5% equity interest in a subsidiary	-	-	-	(13,292)	-	-	(2,242)	(15,534)
Total transactions with owners	-	-	-	(13,292)	-	-	(2,242)	(15,534)
Balance at 31 December 2008	<u>5,580</u>	<u>548,330</u>	<u>168,434</u>	<u>21,204</u>	<u>82,022</u>	<u>371,397</u>	<u>67,702</u>	<u>1,264,669</u>

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Standards and amendments effective in 2009 which are relevant to and have been adopted by the Group:

HKAS 1 (revised), ‘Presentation of financial statements’ – effective 1 January 2009. 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 in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 2 (amendment), ‘Share-based payment’ – effective 1 January 2009 deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted HKFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group’s or Company’s financial statements.

HKFRS 7 (amendment) ‘Financial Instruments – Disclosures’ – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8, ‘Operating segments’ – effective 1 January 2009. 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 that is more 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 3), both the current year and the comparative figures of prior year have been presented under the new reporting segmentation.

(b) Standards, amendments and interpretations in issue but not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 24 (Revised) ⁽⁵⁾	Related Party Disclosures
HKAS 32(Amendment) ⁽³⁾	Financial Instruments: Presentation – Classification of Right Issues
HKAS 39 (Amendment) ⁽¹⁾	Eligible Hedged Items
HKFRS 1 (Revised) ⁽¹⁾	First-Time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment) ⁽²⁾	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment) ⁽²⁾	Group Cash-settled Share-based Payment Transactions
HKFRS 9 ⁽⁶⁾	Financial Instruments
HK(IFRIC)-Int 14 (Amendments) ⁽⁵⁾	Prepayment of a Minimum Funding Requirement
HK(IFRIC)-Int 17 ⁽¹⁾	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18 ⁽¹⁾	Transfers of Assets from Customers
HK(IFRIC)-Int 19 ⁽⁴⁾	Extinguishing Financial Liabilities with Equity Instruments
HK Interpretation 4 (Amendments) ⁽²⁾	Leases – Determination of the Length of Lease Term in Respect of Hong Kong Land Leases

⁽¹⁾ Effective for the Group for annual periods beginning 1 July 2009

⁽²⁾ Effective for the Group for annual periods beginning 1 January 2010

⁽³⁾ Effective for the Group for annual periods beginning 1 February 2010

⁽⁴⁾ Effective for the Group for annual periods beginning 1 July 2010

⁽⁵⁾ Effective for the Group for annual periods beginning 1 January 2011

⁽⁶⁾ Effective for the Group for annual periods beginning 1 January 2013

The Group has commenced an assessment of the impact of adoption of standards, amendments and interpretations listed above but is not yet in a position to state whether these new standards, amendments and interpretations to existing standards would result in substantial changes to the Group's accounting policies and financial position.

2. TURNOVER, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

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. Turnover, other income and other gains/(losses), net recognised during the year are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover		
Sales of electronic payment products and services	492,942	493,589
Sales of electronic power meters and solutions	253,586	350,167
Provision of telecommunication solutions and operation value-added services	359,646	248,105
Provision of financial solutions, services and related products	148,968	120,608
Provision of payment solutions and services	22,452	–
Rental income	924	999
	<u>1,278,518</u>	<u>1,213,468</u>
Other income		
Interest income	7,598	4,400
Value added tax refund (<i>Note below</i>)	20,321	16,694
Subsidy income	1,923	2,969
Other service income	1,595	2,946
Others	3,757	2,445
	<u>35,194</u>	<u>29,454</u>
Other gains/(losses), net		
Gain/(loss) on disposal of financial assets at fair value through profit or loss	978	(6,613)
Dividend income on financial assets at fair value through profit or loss	53	432
Fair value loss on financial assets at fair value through profit or loss	(39)	(251)
	<u>992</u>	<u>(6,432)</u>
Turnover, other income and other gains/(losses), net	<u><u>1,314,704</u></u>	<u><u>1,236,490</u></u>

Note:

The amount represents the Group's entitlement to value added tax refund in relation to sales of self-developed software products in the PRC.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a product perspective.

The Group is organised into five main operating segments in these internal reports:

- (a) Electronic payment products and services – sales of electronic data capture point-of-sale (“EDC-POS”) terminals;
- (b) Electronic power meters and solutions – manufacturing and sales of electronic power meters, data collection terminals and provision of information system consultancy services;
- (c) Telecommunication solutions and operation value-added services – provision of telecommunication platform operation services;
- (d) 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; and
- (e) Payment solutions and services – provision of mobile payment solutions and services.

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

	Year ended 31 December 2009						Group HK\$'000
	Electronic payment products and services HK\$'000	Electronic power meters and solutions HK\$'000	Telecom- munication solutions and operation value-added services HK\$'000	Financial solutions, services and related products HK\$'000	Payment solutions and services HK\$'000	Others HK\$'000	
Segment turnover	492,942	253,586	359,646	186,032	22,452	2,660	1,317,318
Inter-segment turnover	–	–	–	(37,064)	–	(1,736)	(38,800)
Turnover from external customers	<u>492,942</u>	<u>253,586</u>	<u>359,646</u>	<u>148,968</u>	<u>22,452</u>	<u>924</u>	<u>1,278,518</u>
Segmental EBITDA	102,435	25,033	148,271	23,205	(45,970)	(60,206)	192,768
Depreciation	(1,918)	(11,256)	(10,863)	(15,952)	(241)	(443)	(40,673)
Amortisation	(5)	(7,100)	–	–	–	(760)	(7,865)
Segmental operating profit/(loss)	100,512	6,677	137,408	7,253	(46,211)	(61,409)	144,230
Finance costs							(464)
Profit before income tax							143,766
Income tax expense							(28,843)
Profit for the year							<u>114,923</u>

Note:

The Board of Directors assesses the performance of the operating segments based on a measure of segment results. Finance costs are not allocated to segments as this type of activity is driven by the control treasury function.

During the year ended 31 December 2009, 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 and revenue generated from information technology operation value-added services and telecommunication solutions, services and related products have been reported in the telecommunication solutions and operation value-added services segment.

For the year ended 31 December 2008, the Group reported revenues generated from business process operations and information technology operation value-added services as separate segments. The comparative figures have been reclassified to conform with the current year's presentation.

	Year ended 31 December 2008						
	Electronic payment products and services <i>HK\$'000</i>	Electronic power meters and solutions <i>HK\$'000</i>	Telecom- munication solutions and operation value-added services <i>HK\$'000</i>	Financial solutions, services and related products <i>HK\$'000</i>	Payment solutions and services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment turnover	493,589	350,167	248,105	120,608	–	2,923	1,215,392
Inter-segment turnover	–	–	–	–	–	(1,924)	(1,924)
Turnover from external customers	<u>493,589</u>	<u>350,167</u>	<u>248,105</u>	<u>120,608</u>	<u>–</u>	<u>999</u>	<u>1,213,468</u>
Segmental EBITDA	119,336	62,033	136,234	(29,746)	–	(61,720)	226,137
Depreciation	(1,730)	(11,148)	(11,167)	(14,787)	–	(436)	(39,268)
Amortisation	(5)	(8,007)	–	–	–	(760)	(8,772)
Segmental operating profit/(loss)	<u>117,601</u>	<u>42,878</u>	<u>125,067</u>	<u>(44,533)</u>	<u>–</u>	<u>(62,916)</u>	178,097
Finance costs							<u>(1,544)</u>
Profit before income tax							176,553
Income tax expense							<u>(40,875)</u>
Profit for the year							<u>135,678</u>

The segment assets and liabilities at 31 December 2009 and additions to non-current assets for the year ended 31 December 2009 are as follows:

	Telecom- munication solutions and operation value-added services <i>HK\$'000</i>						
	Electronic payment products and services <i>HK\$'000</i>	Electronic power meters and solutions <i>HK\$'000</i>	Telecom- munication solutions and operation value-added services <i>HK\$'000</i>	Financial solutions, services and related products <i>HK\$'000</i>	Payment solutions and services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment assets	<u>565,707</u>	<u>458,404</u>	<u>494,383</u>	<u>153,929</u>	<u>33,646</u>	<u>612,261</u>	<u>2,318,330</u>
Segment liabilities	<u>(128,234)</u>	<u>(104,826)</u>	<u>(72,193)</u>	<u>(39,478)</u>	<u>(6,015)</u>	<u>(51,808)</u>	<u>(402,554)</u>
Additions to non-current assets	<u>2,842</u>	<u>1,471</u>	<u>9,193</u>	<u>3,726</u>	<u>2,319</u>	<u>41</u>	<u>19,592</u>

The segment assets and liabilities at 31 December 2008 and additions to non-current assets for the year ended 31 December 2008 are as follows:

	Electronic payment products and services <i>HK\$'000</i>	Electronic power meters and solutions <i>HK\$'000</i>	Telecom- munication solutions and operation value-added services <i>HK\$'000</i>	Financial solutions, services and related products <i>HK\$'000</i>	Payment solutions and services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment assets	<u>483,916</u>	<u>516,057</u>	<u>321,918</u>	<u>131,566</u>	<u>-</u>	<u>215,159</u>	<u>1,668,616</u>
Segment liabilities	<u>(131,257)</u>	<u>(141,619)</u>	<u>(30,990)</u>	<u>(34,425)</u>	<u>-</u>	<u>(65,656)</u>	<u>(403,947)</u>
Additions to non-current assets	<u>1,796</u>	<u>4,567</u>	<u>5,160</u>	<u>4,159</u>	<u>-</u>	<u>25</u>	<u>15,707</u>

Additions to non-current assets comprises additions to leasehold land, property, plant and equipment and intangible assets including additions resulting from acquisition through business combinations.

The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

The Group is domiciled in Hong Kong. The Group's revenue by geographical location, which is determined by country in which the customer is located, is as follows:

	Year ended 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	1,163,223	1,074,872
Hong Kong, South East Asia, United States of America and others	<u>115,295</u>	<u>138,596</u>
	<u>1,278,518</u>	<u>1,213,468</u>

The Group's non-current assets by geographical location, which is determined by the country in which the asset is located, is as follows:

	As at 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	306,889	315,932
Hong Kong	848	579
United States of America	<u>1,295</u>	<u>14</u>
	<u>309,032</u>	<u>316,525</u>

4. EXPENSES BY NATURE

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Auditor's remuneration	2,790	2,732
Depreciation of property, plant and equipment	40,565	39,159
Depreciation of investment property	108	109
Amortisation of leasehold land	1,094	1,070
Amortisation of intangible assets	6,771	7,702
Employee benefit expense (including Directors' emoluments)	253,409	216,251
Costs of inventories sold	508,509	519,108
Operating lease rentals in respect of land and buildings	24,319	10,363
Operating lease rentals in respect of equipment	13,058	12,084
Research and development costs	74,827	22,503
Loss on disposal of property, plant and equipment and leasehold land	107	905
Provision for impairment of trade receivables	689	14,244
Write-back of provision for impairment of trade receivables	(3,330)	–
Provision for inventories		
– merchandise goods	4,539	2,065
– capitalised labour cost and overheads	–	28,881
Write-back of provision for obsolete inventories	–	(8,890)
	<u> </u>	<u> </u>

5. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans and overdrafts	<u>464</u>	<u>1,544</u>

6. INCOME TAX EXPENSE

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	1,000	530
– Overseas taxation	41,806	45,323
Deferred income tax	(4,015)	(5,478)
(Over)/under provision in previous year	<u>(9,948)</u>	<u>500</u>
Income tax expense	<u>28,843</u>	<u>40,875</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before income tax	<u>143,766</u>	<u>176,553</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	21,637	24,115
Effect of changes in tax rates	(1,903)	(2,179)
Income not subject to taxation	(2,718)	(7,829)
Expenses not deductible for taxation purposes	4,232	7,144
Utilisation of previously unrecognised tax losses	–	(1,385)
Unrecognised tax losses	17,543	20,509
(Over)/under provision in previous year	<u>(9,948)</u>	<u>500</u>
Tax charge	<u><u>28,843</u></u>	<u><u>40,875</u></u>

The weighted average applicable tax rate was 15% (2008: 14%). The increase is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

7. 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 year.

	2009	2008
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	85,845	114,350
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>2,481,312</u>	<u>2,231,973</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u><u>0.035</u></u>	<u><u>0.051</u></u>

(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 annual weighted average market share price of the Company's shares) 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 year ended 31 December 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.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group's available-for-sale financial asset includes the following:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Unlisted equity securities outside Hong Kong	<u>23,400</u>	<u>–</u>

None of the financial assets is impaired.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	291,455	328,443
Less: provision for impairment of receivables (<i>Note (b)</i>)	(13,380)	(16,021)
Bills receivables (<i>Note (c)</i>)	<u>107,142</u>	<u>161,930</u>
	385,217	474,352
Prepayments, deposits and other receivables	<u>52,588</u>	<u>55,808</u>
	<u>437,805</u>	<u>530,160</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
HK dollar	9,000	4,815
Renminbi	405,292	490,583
US Dollar	23,513	34,004
Euro	<u>–</u>	<u>758</u>
	<u>437,805</u>	<u>530,160</u>

Note (a): Trade receivables

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current to 90 days	189,770	217,517
91 to 180 days	44,547	51,539
181 to 365 days	24,102	27,099
Over 365 days	<u>33,036</u>	<u>32,288</u>
	<u>291,455</u>	<u>328,443</u>

The Group's sales are made to several major customers and there is concentration of credit risks. Sales of goods and services to the top five customers contributed 54% of the Group's turnover for the year ended 31 December 2009 (2008: 52%). 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 relate 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 fully recoverable. The Group does not hold any collateral over these balances.

As of 31 December 2009, trade receivables of HK\$47,055,000 (2008: HK\$48,931,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Up to 3 months	2,244	710
3 to 6 months	22,968	17,118
Over 6 months	<u>21,843</u>	<u>31,103</u>
	<u>47,055</u>	<u>48,931</u>

Note (b): Provision for impairment of receivables

The movement on the provision for impairment of receivables are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
At 1 January	16,021	1,615
Write-back of provision	(3,330)	–
Provision recognised in the consolidated income statement	689	14,244
Receivables written-off during the year as uncollectible	–	(55)
Exchange difference	<u>–</u>	<u>217</u>
At 31 December	<u>13,380</u>	<u>16,021</u>

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Note (c): Bills receivables

The balance represents bank acceptance notes with maturity dates within six months:

The maturity profile of the bills receivable of the Group is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Falling within 90 days	87,606	74,910
Falling within 91 to 180 days	19,536	87,020
	107,142	161,930

As at 31 December 2008, the Group's bills receivable amounting to HK\$5,717,000 were pledged to banks for short-term bank borrowings. The bank borrowings were settled during the year ended 31 December 2009.

10. TRADE AND OTHER PAYABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables (<i>Note below</i>)	201,782	186,495
Other payables and accruals	133,296	119,132
Pension obligations	5,245	5,541
Social security and other taxes	23,079	29,054
	363,402	340,222

Note:

The carrying values of trade and other payables approximate their fair values.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current to 90 days	180,642	152,235
91 to 180 days	12,657	21,986
181 to 365 days	988	2,414
Over 365 days	7,495	9,860
	201,782	186,495

The credit period granted by the suppliers ranges from 0 to 180 days.

11. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform to the current year's presentation.

These reclassifications have no impact on the Group's total equity as at both 31 December 2008 and 2009, or on the Group's profit for the years ended 31 December 2008 and 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

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. 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 18 March 2004, 33,000,000 share options were granted to certain directors and employees at an exercise price of HK\$0.374 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 18 March 2004) with an expiry date of 17 March 2014.

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 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 26 September 2005) with an expiry date of 25 September 2015.

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.

The share subdivision in the prior years has led to an adjustment to the exercise prices of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options with exercise period from 18 March 2004 to 17 March 2014, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the share subdivision has been increased from 23,000,000 shares to 92,000,000 shares and the exercise price has been adjusted from HK\$0.374 to HK\$0.0935 per share. For share options with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such options immediately before the share subdivision has been increased from 33,300,000 shares to 133,200,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per Share.

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

As at 31 December 2009, the particulars of the options granted to each of the Directors and employees of the Company under the Scheme are as follows:

Movements in the Share Options:

Name	Date of grant	Exercise price after share subdivision (HK\$)	Number of options held at 1 January 2009	Granted during the year	Exercised during the year	Lapsed during the year	Number of options held at 31 December 2009
Employees							
(In aggregate)	2 January 2007 *	2.00	41,458,000	-	(41,457,000)	-	1,000
			<u>41,458,000</u>	<u>-</u>	<u>(41,457,000)</u>	<u>-</u>	<u>1,000</u>

* The exercisable period of the above share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

During the year ended 31 December 2009, 41,457,000 share options have been exercised and the weighted average closing price immediately before the dates on which the options were exercised was HK\$3.62 per share. The Group has no legal or constructive obligation to purchase or settle the option in cash. As at 31 December 2009, the Company had 1,000 share options outstanding. On 1 January 2010, 1,000 share options have been lapsed and no share option of the Company was outstanding at the date of announcement.

(b) Adoption of Employee Incentive Plan of a subsidiary

As discussed in the circular of the Company dated 8 April 2009, PAX Technology Limited (“PAX”) adopted an employee incentive plan (“PAX Employee Incentive Plan”) for the issuance of no more than 2,187,500 PAX ordinary shares (subject to the terms of the Employee Incentive Plan and the relevant provisions under the Listing Rules) under the Employee Incentive Plan on 30 March 2009.

The Employee Incentive Plan 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.

During the year ended 31 December 2009 and up to date of the announcement, no share option was granted under the PAX Employee Incentive Plan.

FINAL DIVIDEND

No dividend has been paid or declared by the Company during the year (2008: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2009.

The Company has also established written guidelines with exact terms as set out in Appendix 10 to the Listing Rules for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company’s corporate governance practices are based on the principles and code provisions (“Code Provisions”) as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Throughout the year, the Company has complied with most of the Code Provisions and certain deviations from the Code Provisions in respect of Code Provision E.1.2, will be explained in the Corporate Governance Report in the 2009 Annual Report. Reference is also made to the disclosure in the Corporate Governance Report in the 2008 Annual Report in this respect.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Board and the Company’s auditor in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises three independent non-executive Directors, Tam Chun Fai, Leung Wai Man, Roger and Xu Sitao. Two meetings were held during year.

SUBSEQUENT EVENTS

(a) Disposal and issue of preference shares of Success Bridge Limited

As disclosed in the announcement of the Company dated 30 December 2009 and the circular dated 8 January 2010, the Company and Wise World Group Limited (the “Subscriber”) entered into a conditional subscription agreement (the “Subscription Agreement”) on 24 December 2009, pursuant to which the Company shall procure the issue and allotment by Success Bridge Limited (“Success Bridge”) (a wholly-owned subsidiary of the Company) of, and the Subscriber shall subscribe for 600 preference shares of US\$0.001 each in the share capital of Success Bridge (“SBL Preference Shares”) at a total consideration of US\$60 million (equivalent to approximately HK\$465 million) (the “Subscription”). The 600 SBL Preference Shares represent 6.0% of the issued share capital of Success Bridge as enlarged by the Subscription. The Completion took place on 29 January 2010.

(b) Acquisition of Mega Hunt Investments Limited

As disclosed in the announcement of the Company dated 27 January 2010, the Company entered into a Sale and Purchase Agreement with Rich Giant Investments Limited (“Rich Giant”) on 26 January 2010, pursuant to which Rich Giant agreed to sell and the Company conditionally agreed to purchase, the entire issued share capital of Mega Hunt for the consideration of 25 new New Concept Shares to be allotted and issued to Rich Giant, representing 20% of the issued share capital of New concept as enlarged by the allotment and issue of shares. The Completion took place on 5 March 2010.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2009. The figures in respect of the announcement of the Group’s results for the year ended 31 December 2009 have been agreed by the Group’s auditor, PwC Hong Kong, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the announcement.

PENSION SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “Pension Scheme”) set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Particulars of the Pension Scheme will be set out in the 2009 Annual Report.

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 employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2009 annual results announcement is published on the Company’s website at www.hisun.com.hk and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. The 2009 annual report will be available on the websites of The Stock Exchange of Hong Kong Limited and the Company and will be despatched to all shareholders in due course.

The 2009 annual financial information set out above does not constitute the Group's statutory financial statements for the financial year ended 31 December 2009. Instead, it has been derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2009, which will be included in the Company's 2009 annual report.

By Order of the Board
Li Wenjin
Executive Director

Hong Kong, 12 March 2010

As at the date of this announcement, the Board consists of five executive Directors, namely, Cheung Yuk Fung, Kui Man Chun, Xu Wensheng, Li Wenjin and Xu Chang Jun; two non-executive Directors, namely Yang Lei, Raymond and Chang Kai-Tzung Richard; and three independent non-executive Directors, namely Tam Chun Fai, Leung Wai Man, Roger and Xu Sitao.

* *For identification purpose only*