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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 2010

FINANCIAL HIGHLIGHTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> <i>(Restated)</i>	Change + / (-)
RESULTS			
Continuing operations			
Turnover	901,521	784,652	+15%
Gross profit	170,406	324,955	-48%
Segmental EBITDA (before unallocated items)	(116,322)	90,333	-229%
(Loss)/profit before income tax	(219,270)	43,683	-602%
(Loss)/profit for the year from continuing operations	(217,528)	30,372	-816%
Discontinued operation			
Profit from discontinued operation	1,096,476	84,551	+1,197%
Profit for the year	878,948	114,923	+665%
Profit attributable to:			
– Equity holders of the Company	850,275	85,845	+890%
– Non-controlling interests	28,673	29,078	-1%
	878,948	114,923	

* For identification purpose only

	2010	2009 <i>(Restated)</i>	Change +/(<i>-</i>)
Earnings/(loss) per share for profit attributable to the equity holders of the Company:			
From continuing and discontinued operations			
– Basic (HK\$)	0.318	0.035	+809%
– Diluted (HK\$)	0.318	0.035	+809%
	<u>0.318</u>	<u>0.035</u>	
From continuing operations			
– Basic (HK\$)	(0.071)	0.015	-573%
– Diluted (HK\$)	(0.071)	0.015	-573%
	<u>(0.071)</u>	<u>0.015</u>	
From discontinued operation			
– Basic (HK\$)	0.389	0.020	+1,845%
– Diluted (HK\$)	0.389	0.020	+1,845%
	<u>0.389</u>	<u>0.020</u>	
	As at 31 December		
	2010	2009	Change
	HK\$'000	HK\$'000	+/(<i>-</i>)
HIGHLIGHTS OF FINANCIAL POSITION			
Total equity	3,167,806	1,915,776	+65%
Net current assets	1,457,821	1,609,370	-9%
Total assets	3,657,369	2,318,330	+58%
Net assets per share (HK\$)	1.185	0.717	+65%
	<u>1.185</u>	<u>0.717</u>	

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 2010 together with the comparative figures for the year ended 31 December 2009. The annual results have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Turnover			EBITDA		
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> <i>(Restated)</i>	Change +/(-)	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> <i>(Restated)</i>	Change +/(-)
Continuing operations						
Telecommunication solutions and operation value-added services	349,569	359,646	-3%	70,897	148,271	-52%
Financial solutions, services and related products	186,402	186,032	0%	18,353	23,205	-21%
Payment solutions and services	39,971	22,452	+78%	(72,554)	(45,970)	N/A
Electronic power meters & solutions	370,439	253,586	+46%	(119,204)	25,033	-576%
Others	–	–	N/A	(13,814)	(668)	N/A
	<u>946,381</u>	<u>821,716</u>	+15%	<u>(116,322)</u>	<u>149,871</u>	-178%
Less: Inter-segment revenue	<u>(44,860)</u>	<u>(37,064)</u>	+21%	<u>–</u>	<u>–</u>	N/A
Total	<u>901,521</u>	<u>784,652</u>	+15%	<u>(116,322)</u>	<u>149,871</u>	-178%
Depreciation				(38,995)	(38,312)	+2%
Amortisation				(13,138)	(7,100)	+85%
Segmental operating (loss)/profit				(168,455)	104,459	-261%
Unallocated other income				10,256	2,806	+266%
Unallocated corporate expenses				(67,458)	(63,547)	+6%
Share of profit of an associated company				6,860	–	N/A
Finance cost				(473)	(35)	+1,251%
(Loss)/profit before income tax				(219,270)	43,683	-602%
Income tax (credit)/expense				1,742	(13,311)	-113%
(Loss)/profit for the year from continuing operations				(217,528)	30,372	-816%
Discontinued operation						
Profit from discontinued operation				1,096,476	84,551	+1,197%
Profit for the year	<u>878,948</u>	<u>114,923</u>		<u>878,948</u>	<u>114,923</u>	+665%

Following the completion of the spin-off of PAX Global Technology Limited (“PAX Global”) on 20 December 2010 on the Main Board of The Stock Exchange of Hong Kong Limited (the “Spin-off”), the Group focuses on the four key business segments being telecommunication solutions and operation value-added services, financial solutions, payment solutions and electronic power meters and solutions. For the presentation of the consolidated financial statements for the years end 31 December 2010 and 2009, the EFT-POS terminal solutions business was regarded as “discontinued operation”.

The consolidated turnover from continuing operations amounted to HK\$901.5 million, representing an increase of 14.9% over 2009. Segmental operating loss from continuing operations totalled HK\$168.5 million as compared to a segmental operating profit of HK\$104.5 million in 2009; while loss for the year from continuing operations totalled HK\$217.5 million as compared to a profit of HK\$30.4 million in 2009, which was mainly due to an operating loss from electronic power meters and solutions; a decline in operating profit of telecommunication solutions; and an operating loss from payment solutions for the year ended 31 December 2010. Profit from discontinued operation was HK\$1,096.5 million as compared to HK\$84.6 million in prior year.

With regard to our balance sheet, the total assets as at 31 December 2010 amounted to HK\$3,657.4 million, compared with HK\$2,318.3 million as at 31 December 2009. As at 31 December 2010 net current assets amounted HK\$1,457.8 million, compared with HK\$1,609.4 million as at 31 December 2009.

INVESTING AND FINANCING ACTIVITIES

On 29 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. The SBL preference shares shall represent 6% of the total issued share capital of SBL as enlarged by the subscription. The SBL preference shareholders may require the Company to acquire all SBL preference shares and SBL ordinary shares then in issue and held by the SBL preference shareholders in consideration of the issue of such number of new shares of the Company to be calculated by US\$60 million divided by the exchange price of HK\$4.5 per share (subject to adjustments). Net proceed from the subscription was approximately HK\$463 million.

On 5 March 2010, New Concept Services Limited (“New Concept”), a then wholly-owned subsidiary of the Company purchased the entire issued share capital of Mega Hunt Investments Limited from an independent third party. The consideration was satisfied by the allotment and issue of the New Concept ordinary shares, representing 20% of the issued share capital of New Concept as enlarged by such allotment and issue. The subscriber shall 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 shall 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.

In March 2010, SBL entered into a sale and purchase agreement with several independent third parties (the “JIM Vendors”), pursuant to which the JIM Vendors agreed to sell and SBL agreed to purchase the entire registered capital of JIM Holdings International Company Limited, a company incorporated in British Virgin Islands, and its subsidiaries for a cash consideration of US\$22 million (approximately HK\$171.6 million). The acquisition allows the Group to strengthen its telecommunication value-added services business in the PRC. The acquisition was completed on 29 March 2010.

On 20 December 2010, PAX Global was listed on the Main Board of the Stock Exchange of Hong Kong Limited. Prior to the Spin-off and separate listing of PAX Global, it was a then 60% owned subsidiary to the Group. Upon the listing of shares of PAX Global, the Company’s interest was reduced from 60% to 44.4% by way of issuance of new shares by PAX Global. In January 2011, the over-allotment option was partially exercised by the global coordinator of the Global Offering of PAX Global. The Company’s interest in PAX Global was reduced from 44.4% to approximately 42.8%. Following the Spin-off and separate listing of PAX Global, PAX Global’s results will be reflected in the Group’s share of results of associates. The Spin-off will enable the two separate management teams to adopt different business strategies in order to better suit their businesses and with clearer segregation of roles and enhance their ability to focus on opportunities specific to the business of the relevant company. Besides, the Spin-off of PAX Global from the Group will enable each of Hi Sun and PAX Global to establish its own profile thereby attracting different investors. The share offer and separate listing of PAX Global can enhance awareness of, and strengthen, the “PAX” brand which can facilitate PAX Global’s efforts in developing overseas markets for its products. Lastly, since Hi Sun will remain the single largest shareholder of PAX Global, we will continue to benefit from the growth and the business prospects of PAX Global.

On 11 January 2011, the Company entered into a sale and purchase agreement (the “Agreement”) with an independent third party (the “Vendor”), pursuant to which the Vendor agreed to sell and the Company conditionally agreed to purchase the entire issued share capital (the “Sales Share”) of Merchant Support Co., Ltd (“Merchant Support”), a company incorporated in Japan, and the Sales Claims, which comprise (i) the Loan Claims (which represent the Vendor’s loan claims against Merchant Support and Merchant Capital Limited (“Merchant Capital”) under certain loan agreements between the Vendor and Merchant Support or between the Vendor and Merchant Capital which remain outstanding as at three Business Days before the Completion Date); and (ii) AM Claims (which represent the Vendor’s right to demand payment of remuneration incurred until the Completion Date (inclusive) under the cost reimbursement agreement between the Vendor and Merchant Support); for the consideration of JPY1,258,370,841 (equivalent to approximately HK\$118.3 million), subject to adjustment. Subject to fulfillment or waiver of the conditions stipulated in the Agreement, Completion shall take place on a date on or before 15 July 2011 to be agreed by the Company and the Vendor, failing which Completion shall take place on 15 July 2011.

CONTINUING OPERATIONS

The performance of the four key business segments under the continuing operations during the year is set out as below.

Telecommunications solutions and operation value-added services

	2010	2009	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+ / (-)
Turnover	349,569	359,646	-3%
EBITDA	70,897	148,271	-52%
Operating profit	<u>60,165</u>	<u>137,408</u>	-56%

During the current year, segmental turnover amounted to HK\$349.6 million as compared to HK\$359.6 million in 2009. Decline in segmental EBITDA and segmental operating profit was mainly contributed by the decrease in traffic volume of traditional IVR business as impacted by certain policy changes in the wireless value-added services sector in the industry. Meanwhile, certain new businesses are yet to vamp up the profit growth in 2010.

We anticipate that the provision of nationwide IVR platform to China Mobile will continue to be one of the major revenue contributors of this segment. Having considered the situation in 2010, management believes that 2011 will continue to be a challenging year.

During the year, additional resources have been placed for developing new and innovation products and services, in particular new communitization voice services such as voice microblog and expansion in mobile games, animation and comics. Segmental employee headcount increased from 330 in 2009 to 425 in 2010. Looking ahead, we will continue to develop other innovative wireless value-added solutions and services to meet the ever-changing technology and market demand.

Financial solutions, services and related products

	2010	2009	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+ / (-)
Turnover *	141,542	148,968	-5%
EBITDA	18,353	23,205	-21%
Operating profit	<u>793</u>	<u>7,253</u>	-89%

* Turnover from external customers

During the current year, segmental turnover amounted to HK\$141.5 million as compared to HK\$149.0 million in 2009. Segmental EBITDA decreased by 21% to HK\$18.4 million in 2010 while segmental operating profit totalled HK\$0.8 million compared with segmental operating profit of HK\$7.3 million in 2009. With the aim to create more stable, sustainable and recurring income streams, we have placed more resources into a number of development projects on cross-industry solutions, including industrial advisory, business operation solutions, system development and operation services, and other outsourcing services. Segmental employee headcount increased from 420 in 2009 to 498 in 2010.

Payment solutions and services

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	Change +/(-)
Turnover	39,971	22,452	+78%
EBITDA	(72,554)	(45,970)	N/A
Operating loss	<u>(80,748)</u>	<u>(46,211)</u>	N/A

Currently, our payment solution segment is principally engaged in the operation and development of the first nation-wide mobile payment platform and solution with China Mobile and other related services, promoting mobile payment to be one of 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. During the year, our payment solution segment recorded a turnover of HK\$40.0 million, segmental EBITDA loss of HK\$72.6 million, and segmental operating loss of HK\$80.7 million, respectively, awaiting for the building up of transaction volume and operation scale. Segmental employee headcount in 2010 amounted to 392 as compared to 175 in 2009.

Electronic power meters and solutions

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	Change +/(-)
Turnover	370,439	253,586	+46%
EBITDA	(119,204)	25,033	-576%
Operating (loss)/profit	<u>(134,434)</u>	<u>6,677</u>	-2013%

During the current year, segmental revenue increased by 46% as compared with 2009 following the first centralized tendering conducted by the State Grid in November 2009. The tendering process at provincial level has ceased since June 2009 and was replaced by centralized tendering. With the change in tendering process and the new standards of smart meters conforming to the smart grid infrastructure, intensive competition is enforcing market consolidation of the electronic meter industry. Management believes that our market share will increase with the enhanced industry concentration.

However, due to the drop in gross profit margin and the total product shipment being lower than anticipated, we experienced EBITDA loss of HK\$119.2 million and segmental operating loss of HK\$134.4 million in 2010. The drop in gross profit margin was mainly due to increased competition in the market. Besides, there were new product specifications which had reduced our production efficiency

during the year. To increase our market competitiveness, we had increased our spending on research and development with more exertion placed to streamline product cost through better design, improving 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.

During the year, we have recorded an one time non-cash impairment charge of HK\$29.6 million against the goodwill of our electronic power meters and solutions business, which reflects a prudent conservative management judgment with regard to the rapid evolution of business models in the industry and current economic environment.

OUTLOOK

It is anticipated that the business environment in Year 2011 will continue to be challenging. During 2010, we have been actively engaging in and developing new and innovative projects related to the financial and telecommunication industries. With the enormous room for growth in various businesses, combined with our strong financial position, Hi Sun will keep its momentum with various existing business opportunities ahead.

Telecommunication solutions and operation value-added services

Hi Sun continues to benefit from its agreement with China Mobile to provide the sole nation-wide IVR platform which brings to the Group a perpetual revenue stream. In 2011, Hi Sun plans to focus on the development of communitization voice services such as voice microblog business and aggressively expand related business such as mobile games, animation and comics. Hi Sun believes that the rapid and strong growth in mobile internet will bring opportunities for new products and high value-added services and solutions in the long run. Apart from the existing businesses, we will continue to develop other innovative wireless value-added solutions and services in the PRC.

Financial solutions, services and related products

During the recent years, we have refocused certain measures to extend our underlying strength and expertise in providing cross-industry value-added solutions, including industrial advisory, business operation solutions, system development and operation services, and other outsourcing services in order to create more stable, sustainable and recurring income streams. The banks and other financial institutions worldwide are increasingly outsourcing certain non-core management functions to simplify operations and lower costs. However, financial outsourcing services market in China is still at an early stage. Taking advantage of our relatively significant experience in deploying financial solutions, we are able to leverage upon our expertise to take advantage of the future business opportunities. Our mission is to enhance our position and become a significant service provider to financial institutions in Mainland China.

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. Mobile payment refers to an integration of payment card, online banking, payment on behalf, third-party payment and other electronic payment.

Being the largest mobile phone market in the world, mobile phones permeate all spheres of people's social life in China. Such huge base of mobile phone users has established an excellent foundation for the development of mobile payment in China. The evolution of the mobile phone payment market is mainly attributable to the development of application of 3G mobile communications and favorable payment environment, coupled with the determination of promoting the mobile phone payment market by telecom operators, banks, third-party payments and other players in the industry.

Electronic power meters and solutions

In view of the escalating global awareness on energy-saving solutions, power grids are looking out for environmental-friendly, effective and efficient electricity network and energy system. In China, 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. With the change in tendering process and the new standards of smart meters conforming to the smart grid infrastructure, intensive competition is enforcing market consolidation of the electronic meter industry. It is anticipated that only the strong enterprises will survive. In the early stage of the market restructuring, the profit margin of this segment is expected to diminish. Looking ahead, we will place tremendous effort in R&D and cost saving measures to improve our profit margin.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group reported total assets of HK\$3,657.4 million (2009: HK\$2,318.3 million), which were financed by total liabilities of HK\$489.6 million (2009: HK\$402.6 million) and equity of HK\$3,167.8 million (2009: HK\$1,915.8 million). The net asset value was HK\$3,167.8 million (2009: HK\$1,915.8 million). It amounted to HK\$1.185 per share as compared to HK\$0.717 per share as at 31 December 2009.

As at 31 December 2010, the Group had cash and short-term bank deposit of HK\$1,459.2 million (2009: HK\$1,401.7 million) and short term borrowings of HK\$22.5 million (2009: Nil). The net cash position as at 31 December 2010 was HK\$1,436.7 million as compared to HK\$1,401.7 million as at 31 December 2009.

CAPITAL STRUCTURE AND DETAILS OF CHARGES

As at 31 December 2010, the Group's short term borrowings included short term bank loan which was denominated in Renminbi, amounting to RMB19 million (equivalent to HK\$22.5 million). The short term bank loan was charged at interest of 6.372% per annum, which was secured by the leasehold land and building of a subsidiary of the Group, with a net book amount of HK\$3.6 million and HK\$16.3 million, respectively.

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

Approximately HK\$363.7 million, HK\$392.1 million, HK\$525.4 million and HK\$0.4 million of the Group's cash balances were denominated in Renminbi, Hong Kong dollar, US dollar and Euro respectively as at 31 December 2010.

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 2010.

EMPLOYEES

The total number of employees of the Group as at 31 December 2010 was 2,855. The breakdown of employees by division is as follows:

Telecommunication solutions	425
Financial solutions	498
Payment solutions	392
Electronic power meters and solutions	1,388
Others	116
Corporate office	36
	<hr/>
	2,855
	<hr/> <hr/>

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	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Restated)</i>
			<i>Note 2(i)</i>
Continuing operations			
Turnover	2, 3	901,521	784,652
Cost of sales	4	<u>(731,115)</u>	<u>(459,697)</u>
Gross profit		170,406	324,955
Other income	2	16,957	25,639
Other gains, net	2	6,913	992
Selling expenses	4	(89,797)	(66,940)
Administrative expenses	4	<u>(330,136)</u>	<u>(240,928)</u>
Operating (losses)/profit		(225,657)	43,718
Share of profit of an associated company		6,860	–
Finance costs	5	<u>(473)</u>	<u>(35)</u>
(Loss)/profit before income tax		(219,270)	43,683
Income tax credit/(expense)	6	<u>1,742</u>	<u>(13,311)</u>
(Loss)/profit for the year from continuing operations		(217,528)	30,372
Discontinued operation			
Profit from discontinued operation	11	<u>1,096,476</u>	<u>84,551</u>
Profit for the year		<u>878,948</u>	<u>114,923</u>
Profit attributable to:			
– Equity holders of the Company		850,275	85,845
– Non-controlling interests		<u>28,673</u>	<u>29,078</u>
		<u>878,948</u>	<u>114,923</u>

		For the year ended	
		31 December	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Restated)</i>
			<i>Note 2(i)</i>
Earnings/(loss) per share for profit attributable to the equity holders of the Company:			
From continuing and discontinued operations			
– Basic (HK\$)	7	0.318	0.035
– Diluted (HK\$)	7	0.318	0.035
		<u><u> </u></u>	<u><u> </u></u>
From continuing operations			
– Basic (HK\$)	7	(0.071)	0.015
– Diluted (HK\$)	7	(0.071)	0.015
		<u><u> </u></u>	<u><u> </u></u>
From discontinued operation			
– Basic (HK\$)	7	0.389	0.020
– Diluted (HK\$)	7	0.389	0.020
		<u><u> </u></u>	<u><u> </u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	878,948	114,923
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	59,404	(348)
Fair value gain on revaluation of available-for-sale financial assets	100	–
Release of reserve upon disposal of subsidiaries	(36,551)	–
Share of other comprehensive income of an associated company	134	–
	<hr/>	<hr/>
Total comprehensive income for the year	902,035	114,575
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
– Equity holders of the Company	873,093	85,498
– Non-controlling interests	28,942	29,077
	<hr/> <hr/>	<hr/> <hr/>
	902,035	114,575
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2010	2009
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Investment properties		2,438	1,827
Property, plant and equipment		116,733	125,734
Leasehold land		38,826	42,007
Intangible assets		252,595	116,064
Interest in an associated company	8	1,285,714	–
Available-for-sale financial assets		23,500	23,400
Long-term deposits		1,596	–
Total non-current assets		1,721,402	309,032
Current assets			
Inventories		168,426	167,558
Trade and other receivables, prepayments and deposits	9	291,880	437,805
Tax recoverable		3,590	–
Financial assets at fair value through profit or loss		12,898	480
Restricted cash		–	1,740
Short-term bank deposits		177,557	261,741
Cash at bank and on hand		1,281,616	1,139,974
Total current assets		1,935,967	2,009,298
Total assets		3,657,369	2,318,330
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		6,684	6,684
Reserves		3,043,776	1,746,156
		3,050,460	1,752,840
Non-controlling interests		117,346	162,936
Total equity		3,167,806	1,915,776

		As at 31 December	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>11,417</u>	<u>2,626</u>
Total non-current liabilities		<u>11,417</u>	<u>2,626</u>
Current liabilities			
Trade and other payables	<i>10</i>	455,520	363,402
Taxation payable		136	36,526
Borrowings		<u>22,490</u>	<u>—</u>
Total current liabilities		<u>478,146</u>	<u>399,928</u>
Total liabilities		<u>489,563</u>	<u>402,554</u>
Total equity and liabilities		<u>3,657,369</u>	<u>2,318,330</u>
Net current assets		<u>1,457,821</u>	<u>1,609,370</u>
Total assets less current liabilities		<u>3,179,223</u>	<u>1,918,402</u>

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”). 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 and available-for-sale financial assets.

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) *The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2010, but do not have material impact to the consolidated financial information of the Group:*

- HK(IFRIC) Int 17, ‘Distributions of non-cash assets to owners’
- HK(IFRIC) Int 18, ‘Transfers of assets from customers’
- HK-Int 5, ‘Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause’
- Amendment to HKFRS 1, ‘Additional exemptions for first-time adopters’
- Amendment to HKFRS 2, ‘Group cash-settled share-based payment transaction’
- Amendment to HKFRS 5, ‘Non-current assets held for sale and discontinued operations’
- Amendment to HKFRS 8, ‘Operating segments’
- Amendment to HKAS 1, ‘Presentation of financial statements’
- Amendment to HKAS 7, ‘Statement of cash flows’
- Amendment to HKAS 17, ‘Lease’
- Amendment to HKAS 36, ‘Impairment of assets’
- Amendment to HKAS 38, ‘Intangible assets’
- Amendment to HKAS 39, ‘Eligible hedged items’
- Amendment to HK(IFRIC) Int 9, ‘Reassessment of embedded derivatives’
- Amendment to HK(IFRIC) Int 16, ‘Hedges of a net investment in a foreign operation’

(b) *The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:*

- HKAS 24 (Revised), ‘Related party disclosures’²
- HKFRS 9, ‘Financial instruments’¹
- HK(IFRIC) 19, ‘Extinguishing financial liabilities with equity instruments’⁴
- Amendments to HKAS 1, ‘Presentation of Financial Statements’²
- Amendments to HKAS 27, ‘Consolidated and separate financial statements’²
- Amendments to HKAS 34, ‘Interim Financial Reporting’²
- Amendments to HKAS 32, ‘Classification of rights issues’³
- Amendments to HKFRS 1, ‘Limited exemption from comparative HKFRS 7 disclosures for first-time adopters’⁴
- Amendments to HKFRS 1, ‘First-time Adoption of Hong Kong Financial Reporting Standards’²
- Amendments to HKFRS 3, ‘Business Combinations’⁴
- Amendments to HKFRS 7, ‘Financial Instruments: Disclosures’²
- Amendments to HK(IFRIC) Int 13, ‘Customer Loyalty Programmes’²
- Amendments to HK(IFRIC) Int 14, ‘Prepayments of a minimum funding requirement’²

- ¹ Effective for annual periods beginning on or after 1 January 2013.
- ² Effective for annual periods beginning on or after 1 January 2011.
- ³ Effective for annual periods beginning on or after 1 February 2010.
- ⁴ Effective for annual periods beginning on or after 1 July 2010.

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

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

(i) Subsequent to the Spin-off on 20 December 2010, the Group focuses its activities on the 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. For the presentation of the consolidated financial statements for the years end 31 December 2010 and 2009, the EFT-POS terminal solutions business was regarded as "discontinued operation" (Note 11).

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

	For the year ended 31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Continuing operations		
Turnover		
Sales of electronic power meters and solutions	370,439	253,586
Provision of telecommunication solutions and operation value-added services	349,569	359,646
Provision of financial solutions, services and related products	141,542	148,968
Provision of payment solutions and services	39,971	22,452
	901,521	784,652
	901,521	784,652
Other income		
Interest income	9,973	7,327
Value added tax refund (<i>Note</i>)	1,059	13,897
Subsidy income	3,640	1,537
Rental income	1,003	924
Others	1,282	1,954
	16,957	25,639
	16,957	25,639
Other gains, net		
Gain on disposal of financial assets at fair value through profit or loss	6,328	978
Dividend income on financial assets at fair value through profit or loss	376	53
Fair value gain/(loss) on financial assets at fair value through profit or loss	209	(39)
	6,913	992
	6,913	992
Turnover, other income and other gains, net from continuing operations	925,391	811,283

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> <i>(Restated)</i>
Discontinued operation		
Turnover		
Provision of EFT-POS terminal solutions	<u>687,458</u>	<u>492,942</u>
Other income		
Interest income	927	271
Value added tax refund <i>(Note)</i>	16,295	6,424
Subsidy income	–	386
Others	<u>795</u>	<u>3,398</u>
	----- 18,017	----- 10,479
Turnover and other income from discontinued operation	<u><u>705,475</u></u>	<u><u>503,421</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 People's Republic of China ("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 four main operating segments for continuing operations in these internal reports:

Continuing operations:

- (a) Electronic power meters and solutions – manufacturing and sales of electronic power meters, data collection terminals and provision of information system consultancy services;
- (b) Telecommunication solutions and operation value-added services – provision of telecommunication platform operation 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; and
- (d) Payment solutions and services – provision of mobile payment solutions and services.

Discontinued operation:

EFT-POS terminal solutions – development and sale of EFT-POS products and provision of related services.

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

	Continuing operations					Discontinued operation		Total Group HK\$'000
	Telecom- solutions and value-added services HK\$'000	Financial solutions, and related products HK\$'000	Payment solutions and services HK\$'000	Electronic power meters and solutions HK\$'000	Others HK\$'000	Total HK\$'000	EFT-POS terminal solutions HK\$'000	
Year ended 31 December 2010								
Segment turnover	349,569	186,402	39,971	370,439	–	946,381	687,458	1,633,839
Inter-segment turnover	–	(44,860)	–	–	–	(44,860)	–	(44,860)
Turnover from external customers	<u>349,569</u>	<u>141,542</u>	<u>39,971</u>	<u>370,439</u>	<u>–</u>	<u>901,521</u>	<u>687,458</u>	<u>1,588,979</u>
Segmental EBITDA	70,897	18,353	(72,554)	(119,204)	(13,814)	(116,322)	159,046	42,724
Depreciation	(10,732)	(17,560)	(1,912)	(8,374)	(417)	(38,995)	(2,496)	(41,491)
Amortisation	–	–	(6,282)	(6,856)	–	(13,138)	(5)	(13,143)
Segmental operating profit/(loss)	<u>60,165</u>	<u>793</u>	<u>(80,748)</u>	<u>(134,434)</u>	<u>(14,231)</u>	<u>(168,455)</u>	<u>156,545</u>	<u>(11,910)</u>
Gain on disposal of subsidiaries						–	966,028	966,028
Unallocated other income						10,256	–	10,256
Unallocated corporate expenses						(67,458)	–	(67,458)
Share of profit of an associated company						6,860	–	6,860
Finance costs						(473)	–	(473)
(Loss)/profit before income tax						(219,270)	1,122,573	903,303
Income tax credit/(expense)						1,742	(26,097)	(24,355)
(Loss)/profit for the year						<u>(217,528)</u>	<u>1,096,476</u>	<u>878,948</u>

	Continuing operations						Discontinued operation	
	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>	Electronic power meters and solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	EFT-POS terminal solutions <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
Year ended 31 December 2009								
Segment turnover	359,646	186,032	22,452	253,586	–	821,716	492,942	1,314,658
Inter-segment turnover	–	(37,064)	–	–	–	(37,064)	–	(37,064)
Turnover from external customers	359,646	148,968	22,452	253,586	–	784,652	492,942	1,277,594
Segmental EBITDA	148,271	23,205	(45,970)	25,033	(668)	149,871	102,435	252,306
Depreciation	(10,863)	(15,952)	(241)	(11,256)	–	(38,312)	(1,918)	(40,230)
Amortisation	–	–	–	(7,100)	–	(7,100)	(5)	(7,105)
Segmental operating profit/(loss)	137,408	7,253	(46,211)	6,677	(668)	104,459	100,512	204,971
Unallocated other income						2,806	–	2,806
Unallocated corporate expenses						(63,547)	–	(63,547)
Finance costs						(35)	(429)	(464)
Profit before income tax						43,683	100,083	143,766
Income tax expense						(13,311)	(15,532)	(28,843)
Profit for the year						30,372	84,551	114,923

The segment assets and liabilities at 31 December 2010 and additions to non-current assets for the year ended 31 December 2010 are as follows:

	Continuing operations						Discontinued operation			
	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>	Electronic power meters and solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>	EFT-POS terminal solutions <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
As at 31 December 2010										
Segment assets	439,678	149,506	226,345	694,884	11,620	1,522,033	2,135,336	3,657,369	–	3,657,369
Segment liabilities	(38,650)	(47,416)	(19,631)	(353,782)	(2,156)	(461,635)	(27,928)	(489,563)	–	(489,563)
Year ended 31 December 2010										
Additions to non-current assets (excluding long-term deposits, interest in an associated company and available for-sale financial assets)	15,669	5,605	163,177	15,457	4,201	204,109	3,389	207,498	4,554	212,052

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:

	Continuing operations							Discontinued operation	Total Group	
	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>	Electronic power meters and solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>		EFT-POS terminal solutions <i>HK\$'000</i>
As at 31 December 2009										
Segment assets	494,383	153,929	33,646	458,404	9,874	1,150,236	602,387	1,752,623	565,707	2,318,330
Segment liabilities	(72,193)	(39,478)	(6,015)	(104,826)	-	(222,512)	(51,808)	(274,320)	(128,234)	(402,554)
Year ended 31 December 2009										
Additions to non-current assets (excluding available-for-sale financial assets)	9,193	3,726	2,319	1,471	-	16,709	41	16,750	2,842	19,592

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 consolidated income statement.

The Group is principally domiciled in Hong Kong and Mainland China. The Group's revenue by geographical location, which is determined by the location in which revenues are generated from, is as follows:

	Year ended 31 December	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
Continuing operations		
Mainland China	881,860	768,419
Hong Kong	19,661	16,233
	901,521	784,652
Discontinued operation		
Mainland China	529,688	405,402
Hong Kong	154,461	86,033
US	3,309	1,507
	687,458	492,942

The Group's non-current assets (excluding long-term deposits, interest in an associated company and available-for-sale financial assets) by geographical location, which is determined by the geographical location in which the asset is located, is as follows:

	As at 31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	407,105	283,489
Hong Kong	3,487	848
US	–	1,295
	<u>410,592</u>	<u>285,632</u>

4 EXPENSES BY NATURE

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

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
Auditor's remuneration	2,659	2,233
Depreciation of property, plant and equipment	39,736	38,645
Depreciation of investment properties	108	108
Amortisation of leasehold land	1,073	1,089
Amortisation of intangible assets	12,825	6,771
Employee benefit expense (including Directors' emoluments)	287,574	213,427
Costs of inventories sold	371,636	221,823
Operating lease rentals in respect of land and buildings	26,676	21,054
Operating lease rentals in respect of equipment	13,200	13,058
Research and development costs	111,432	50,679
(Gain)/loss on disposal of property, plant and equipment and leasehold land	(5,073)	102
Provision for impairment of trade receivables	9,360	267
Write-back of provision for impairment of trade receivables	(1,277)	(3,330)
Provision for inventories	523	4,539
Impairment of goodwill	29,593	–
	<u>29,593</u>	<u>–</u>

5 FINANCE COSTS

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
Interest on bank loans	473	35
	<u>473</u>	<u>35</u>

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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/regions in which the Group operates.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> <i>(Restated)</i>
Current income tax		
– Hong Kong profits tax	–	–
– Overseas taxation	9,855	27,274
Deferred income tax	(2,948)	(4,015)
Over provision in previous year	(8,649)	(9,948)
	<u> </u>	<u> </u>
Income tax (credit)/expense	<u>(1,742)</u>	<u>13,311</u>

7 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	For the year ended 31 December	
	2010	2009 <i>(Restated)</i>
Profit/(loss) attributable to equity holders of the Company (HK\$'000)		
– Continuing operations	(190,981)	36,663
– Discontinued operation	1,041,256	49,182
	<u> </u>	<u> </u>
	<u>850,275</u>	<u>85,845</u>
Weighted average number of ordinary shares in issue (thousands)	<u>2,673,430</u>	<u>2,481,312</u>
Basic earnings/(loss) per share (HK\$ per share)		
– Continuing operations	(0.071)	0.015
– Discontinued operation	0.389	0.020
	<u> </u>	<u> </u>
	<u>0.318</u>	<u>0.035</u>

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. The Company has two categories of potentially dilutive shares: convertible preference shares issued by a subsidiary and share options. The convertible preference shares issued by a subsidiary are assumed to be converted into ordinary 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 then 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/(loss) (2009: earnings) per share for the year ended 31 December 2010 is the same (2009: same) as the basic earnings/(loss) (2009: earnings) per share as the conversion of both potential ordinary shares in relation to the outstanding convertible preference shares issued by a subsidiary and share options would have an anti-dilutive effect to the basic earnings/(loss) per share (2009: same).

8 INTEREST IN AN ASSOCIATED COMPANY

	2010 HK\$'000
At 1 January	–
Addition (<i>Note 11</i>)	1,278,720
Share of profit	6,860
Share of other comprehensive income	134
	<hr/>
At 31 December	1,285,714
	<hr/> <hr/>

9 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2010 HK\$'000	2009 <i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	225,296	291,455
Less: provision for impairment of receivables	(19,333)	(13,380)
Bills receivables (<i>Note (b)</i>)	1,308	107,142
	<hr/>	<hr/>
	207,271	385,217
Prepayments, deposits and other receivables	84,609	52,588
	<hr/>	<hr/>
	291,880	437,805
	<hr/> <hr/>	<hr/> <hr/>

Note (a): Trade receivables

The Group's credit terms to trade debtors range from 0 to 180 days. At 31 December 2010 and 2009, the ageing analysis of the trade receivables was as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current to 90 days	157,280	189,770
91 to 180 days	31,348	44,547
181 to 365 days	12,098	24,102
Over 365 days	24,570	33,036
	225,296	291,455

Note (b): 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Falling within 90 days	948	87,606
Falling within 91 to 180 days	360	19,536
	1,308	107,142

10 TRADE AND OTHER PAYABLES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables	251,749	201,782
Other payables and accruals	203,771	161,620
	455,520	363,402

At 31 December 2010 and 2009, the ageing analysis of the trade payables was as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current to 90 days	199,090	180,642
91 to 180 days	42,508	12,657
181 to 365 days	5,833	988
Over 365 days	4,318	7,495
	<u>251,749</u>	<u>201,782</u>

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

11 DISCONTINUED OPERATION

Upon the completion of the Spin-Off, the effective interest held by the Group in PAX Global reduced from 60% to 44.4%. This has resulted in the Group losing control over PAX Global and PAX Global is accounted by the Group as an associated company since 20 December 2010.

	For the period from 1 January to 20 December 2010 <i>HK\$'000</i>	Year ended 31 December 2009 <i>HK\$'000</i>
Results of the discontinued operation:		
Revenue	687,458	492,942
Cost of sales	<u>(407,692)</u>	<u>(300,082)</u>
Gross profit	279,766	192,860
Other income	18,017	10,479
Selling expenses	(72,504)	(59,083)
Administrative expenses	<u>(68,734)</u>	<u>(43,744)</u>
Operating profits	156,545	100,512
Finance costs	<u>–</u>	<u>(429)</u>
Profit before taxation	156,545	100,083
Taxation	<u>(26,097)</u>	<u>(15,532)</u>
Profit for the period/year	130,448	84,551
Gain on disposal of subsidiaries	<u>966,028</u>	<u>–</u>
Profit from discontinued operation	<u>1,096,476</u>	<u>84,551</u>
Profit from discontinued operation attributable to:		
– Equity holders of the Company	1,041,256	49,182
– Non-controlling interests	<u>55,220</u>	<u>35,369</u>
	<u>1,096,476</u>	<u>84,551</u>

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.

FINAL DIVIDEND

No dividend has been paid or declared by the Company during the year (2009: 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 2010.

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 2010 Annual Report. Reference is also made to the disclosure in the Corporate Governance Report in the 2009 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) Acquisition of Merchant Support Co., Ltd

On 11 January 2011, the Company entered into a sale and purchase agreement (the “Agreement”) with an independent third party (the “Vendor”), pursuant to which the Vendor agreed to sell and the Company conditionally agreed to purchase the entire issued share capital (the “Sales Share”) of Merchant Support Co., Ltd (“Merchant Support”), a company incorporated in Japan, and the Sales Claims, which comprise (i) the Loan Claims (which represent the Vendor’s loan claims against Merchant Support and Merchant Capital Limited (“Merchant Capital”) under certain loan agreements between the Vendor and Merchant Support or between the Vendor and Merchant Capital which remain outstanding as at three business days before the completion date); and (ii) AM Claims (which represent the Vendor’s right to demand payment of remuneration incurred until the Completion Date (inclusive) under the cost reimbursement agreement between the Vendor and Merchant Support); for the consideration of JPY1,258,370,841 (equivalent to approximately HK\$118.3 million), subject to adjustment. Subject to fulfillment or waiver of the conditions stipulated in the Agreement, completion shall take place on a date on or before 15 July 2011 to be agreed by the Company and the Vendor, failing which Completion shall take place on 15 July 2011.

(b) Exercise of over-allotment option of PAX Global Technology Limited

On 12 January 2011, the over-allotment option as detailed in the Prospectus of PAX Global Technology Limited (“PAX Global”) dated 8 December 2010, an associated company of the Company, was partially exercised by the global coordinator of the Global Offering of PAX Global. PAX Global issued an aggregate of 37,728,000 additional shares at Offer Price and the Company’s interest in Pax Global was reduced from 44.4% to approximately 42.8%.

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 2010. The figures set out in the annual results announcement of the Group for the year ended 31 December 2010 have been agreed by the Company’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 was conducted in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” and with reference to Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants, and did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by PwC Hong Kong on the announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2010 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 2010 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 2010 annual financial information set out above does not constitute the Group's statutory financial statements for the financial year ended 31 December 2010. Instead, it has been derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2010, which will be included in the Company's 2010 annual report.

By Order of the Board
Li Wenjin
Executive Director

Hong Kong, 17 March 2011

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*