首 長 科 技 集 團 有 限 公 司

SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of Shougang Concord Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 with comparative figures for the year ended 31 December 2008. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	NOTES	**2009** HK$'000	2008 HK$'000
Continuing operations			
Revenue	4	**441,671**	905,540
Cost of sales		**(349,512)**	(661,468)
Gross profit		**92,159**	244,072
Other income, gains and losses	5	**5,003**	(10,101)
Fair value changes on investment properties		**1,385**	(635)
Increase (decrease) in fair value of held for trading investments		**16,192**	(20,432)
Gain on disposal of available-for-sale investments		**34,295**	15,051
Selling and distribution costs		**(9,229)**	(13,278)
Administrative expenses		**(94,041)**	(103,329)
Gain on disposal of subsidiaries		**660**	–
Loss on disposal of partial interests in a subsidiary		**(15,907)**	–
Gain on deemed disposal of a subsidiary		**–**	1,308
Gain on disposal of a jointly controlled entity		**10,470**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Gain on fair value change of the derivative components of convertible loan notes		**2,362**	–
Share of (loss) profit of associates		**(2,189)**	7,100
Share of loss of jointly controlled entities		**(3,727)**	(27,325)
Finance costs	6	**(67,502)**	(43,995)
(Loss) profit before tax		**(30,069)**	48,436
Income tax credit (expense)	7	**3,213**	(961)
(Loss) profit for the year from continuing operations	8	**(26,856)**	47,475
Discontinued operation			
Profit (loss) for the year from discontinued operation		**169,808**	(73,086)
Profit (loss) for the year		**142,952**	(25,611)
Other comprehensive income			
Exchange differences on translation			
Share of translation difference of associates		**–**	11,018
Share of translation difference of jointly controlled entities		**–**	3,375
Exchange difference arising during the year		**927**	18,889
Reclassification adjustment upon deemed disposal of a subsidiary		**–**	(42)
Reclassification adjustment upon disposal of a jointly controlled entity		**(7,219)**	–
Available-for-sale investments			
Share of revaluation of available-for-sale investments of associates		**15,417**	–
Fair value gain on available-for-sale investments		**8,838**	73,945
Reclassification adjustment on sale of available-for-sale investments		**(57,162)**	(25,621)
Revaluation of property			
Gain on revaluation upon transfer from property, plant and equipment to investment properties		**6,048**	–
Other comprehensive (expense) income for the year		**(33,151)**	81,564
Total comprehensive income for the year		**109,801**	55,953

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2009

	NOTE	**2009** **HK$'000**	2008 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**141,197**	(30,745)
Minority interests		**1,755**	5,134
		142,952	(25,611)
Total comprehensive income attributable to:			
Owners of the Company		**108,455**	47,063
Minority interests		**1,346**	8,890
		109,801	55,953
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**6.87**	(1.60)
From continuing operations			
Basic and diluted (HK cents)		**(1.39)**	2.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTE	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**40,900**	10,508
Property, plant and equipment		**91,931**	226,324
Prepaid lease payments		**7,474**	8,993
Goodwill		**193,110**	235,364
Intangible assets		**120,201**	119,734
Deposits paid		**353,870**	105,903
Investments in associates		**86,788**	6,122
Investments in jointly controlled entities		**–**	151,742
Available-for-sale investments		**16,849**	15,974
Club debentures		**700**	630
Deferred tax assets		**4,429**	4,313
Other receivable		**31,298**	–
		947,550	885,607
Current assets			
Prepaid lease payments		**360**	393
Inventories		**63,289**	150,553
Trade and bills receivables	10	**291,120**	368,980
Prepayments, deposits and other receivables		**620,390**	120,237
Available-for-sale investments		**–**	116,221
Held for trading investments		**4,826**	14,219
Amounts due from customers for contract work		**336,046**	188,518
Amount due from an associate		**–**	47
Amount due from a jointly controlled entity		**–**	1,824
Tax recoverable		**1,720**	17
Pledged bank deposits		**13,123**	18,075
Bank balances and cash		**408,475**	155,979
		1,739,349	1,135,063

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Current liabilities			
Trade and bills payables	11	**243,194**	199,234
Other payables, deposits received and accruals		**97,873**	103,343
Provision		**40,162**	–
Amounts due to customers for contract work		**28,847**	24,544
Amount due to an associate		**643**	–
Loan from a related company		**–**	20,038
Tax liabilities		**11,496**	5,930
Bank borrowings – due within one year		**130,256**	285,415
Obligations under finance leases – due within one year		**–**	6,072
		552,471	644,576
Net current assets		**1,186,878**	490,487
Total assets less current liabilities		**2,134,428**	1,376,094
Non-current liabilities			
Bank borrowings – due after one year		**396,411**	1,803
Convertible loan notes	12	**395,025**	319,656
Embedded derivative components of convertible loan notes		**72,829**	–
Obligations under finance leases – due after one year		**–**	11,736
Deferred tax liabilities		**6,782**	13,413
		871,047	346,608
Net assets		**1,263,381**	1,029,486
Capital and reserves			
Share capital		**535,535**	477,607
Reserves		**683,418**	534,598
Equity attributable to owners of the Company		**1,218,953**	1,012,205
Minority interests		**44,428**	17,281
Total equity		**1,263,381**	1,029,486

Notes:

1. **GENERAL**

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a private company incorporated in Hong Kong, is the controlling shareholder of the Company. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

In June 2008, the Company changed its functional currency from Hong Kong dollars ("HK$") to Renminbi ("RMB") as the Group had substantially reduced its activity in traditional business with manufacturing factories located in the PRC for Hong Kong market and customers, and photomask business in Hong Kong, but increased its activity in digital television ("DTV") technical solutions and equipment business in the PRC and as a consequence mainly holds its investment in subsidiaries whose operations are primarily in the PRC.

As a result of the change in functional currency, the Company translated all items into RMB using the prevailing exchange rate at that date and the resulting translated amounts for non-monetary items were treated as their historical cost.

As the Company is listed in Hong Kong, for the convenience of the financial statements users, the results and financial position of the Group are expressed in HK$, the presentation currency for the consolidated financial statements.

2. **BASIS OF PREPARATION**

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to paragraph 69 of HKAS 1, paragraph 5B of HKFRS 5 and paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 4) nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expand disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 January 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods, nor affected the reported results and financial position of the Group for the current accounting period as there were no borrowing costs relating to qualifying asset for which the commencement date for capitalisation is on or after 1 January 2009.

In addition, the Group has adopted the following amendments in advance of their effective dates:

Amendments to HKAS 1 Presentation of Financial Statements

As part of Improvements to HKFRSs issued in 2009 early adopted by the Group, HKAS 1 "Presentation of Financial Statements" has been amended regarding the classification of liability as current or non-current. The amendment requires the entity to classify a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. However, terms of liability that could result in its settlement by the issue of the Group's equity instruments at the option of the counterparty do not affect its classification. The early adoption of the amendment has had no material impact on the Group's result for the reported periods.

As at 31 December 2009 and 31 December 2008, convertible loan notes with carrying amount of approximately HK$395,025,000 and HK$319,656,000, and their related derivatives with carrying amount of HK$72,829,000 as at 31 December 2009 have been presented as non-current liabilities based on the earliest date that the Group is required to transfer cash or other assets.

Amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations

As part of Improvement to HKFRSs issued in 2009, the amendment has clarified that HKFRS 5 has specified the disclosure required in respect of disposal groups classified as discontinued operations. Disclosure requirements in other HKFRSs do not generally apply to such disposal groups.

The Group and the Company have not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009, except for the amendments to paragraph 69 of HKAS 1 and paragraph 5B of HKFRS 5[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2010.

4 Effective for annual periods beginning on or after 1 February 2010.

5 Effective for annual periods beginning on or after 1 July 2010.

6 Effective for annual periods beginning on or after 1 January 2011.

7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in Group's ownership interest in a subsidiary.

The application of HK(IFRIC) – Int 17 Distribution of Non-cash Assets to Owners which is effective for period beginning on or after 1 July 2009 affects the measurement of the Group's liability when a group entity distributes non-cash assets as a dividend to its owners. HK(IFRIC) – Int 17 will be applied on a prospective basis.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss, segment assets and segment liabilities.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by an executive director of the Group, the chief operating decision maker, for the purposes of resource allocation and assessment of performance.

Inter-segment revenue are eliminated on consolidation.

The Group's operating segments under HKFRS 8 are therefore as follows:

DTV technical solutions and equipment business – Manufacture and sales of DTV equipments and provision of DTV technical services.

Traditional business – Manufacture and distribution of telephone accessories, power cords and adaptors.

Printed circuit boards – Manufacture and distribution of printed circuit boards.

High precision metal components – Manufacture and distribution of high precision metal components.

Intelligent information business – Development and provision of system integration solutions, system design and sale of system hardware.

Others – Provision of management services and leasing of investment properties.

Photomask business – Manufacture of photomasks.

In prior years, the Group was involved in the photomask operation. That operation was discontinued with effect from 11 June 2009.

Information regarding the above segments relating to continuing operations is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2009

Continuing operations

	Digital technical solutions and equipment business *HK$'000*	Traditional business # *HK$'000*	Printed circuit boards *HK$'000*	High precision metal components *HK$'000*	Intelligent information business *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
SEGMENT REVENUE								
External sales	**100,475**	**29,185**	**1,035**	**25,916**	**284,811**	**249**	**–**	**441,671**
Inter-segment sales	**2,350**	**662**	**–**	**–**	**–**	**960**	**(3,972)**	**–**
Total	**102,825**	**29,847**	**1,035**	**25,916**	**284,811**	**1,209**	**(3,972)**	**441,671**
Segment profit (loss)	**58,583**	**(54,957)**	**(80)**	**2,440**	**16,105**	**(37,940)**		**(15,849)**
Unallocated income								**11,596**
Unallocated expense								**(470)**
Increase in fair value of held for trading investments								**16,192**
Gain on disposal of available -for-sale investments								**34,295**
Gain on disposal of subsidiaries								**660**
Loss on disposal of partial interests in a subsidiary								**(15,907)**
Gain on disposal of a jointly controlled entity								**10,470**
Gain on fair value change of the derivative components of convertible loan notes								**2,362**
Share of loss of associates								**(2,189)**
Share of loss of jointly controlled entities								**(3,727)**
Finance costs								**(67,502)**
Loss before tax (continuing operations)								**(30,069)**

For the year ended 31 December 2008

Continuing operations

	Digital technical solutions and equipment business	Traditional business #	Printed circuit boards	High precision metal components	Intelligent information business	Others	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE								
External sales	379,922	209,769	860	46,962	266,706	1,321	–	905,540
Inter-segment sales	–	–	–	–	–	441	(441)	–
Total	379,922	209,769	860	46,962	266,706	1,762	(441)	905,540
Segment profit (loss)	171,354	(34,322)	(2,196)	1,507	24,176	(51,637)		108,882
Unallocated income								7,847
Gain on deemed disposal of a subsidiary								1,308
Gain on disposal of available -for-sale investments								15,051
Decrease in fair value of held for trading investments								(20,432)
Share of profit of associates								7,100
Share of loss of jointly controlled entities								(27,325)
Finance costs								(43,995)
Profit before tax (continuing operations)								48,436

Principal activities of traditional business are manufacture and distribution of telephone accessories, power cords and adaptors.

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

	31.12.2009	31.12.2008
	HK$'000	*HK$'000*
Continuing operations		
Digital technical solutions and equipment business	**871,329**	553,938
Traditional business	**52,116**	155,907
Printed circuit boards	**10,266**	13,947
High precision metal components	**15,214**	19,343
Intelligent information business	**784,947**	649,089
Others	**27,200**	34,288
Assets relating to discontinued operation		
Photomask business	**–**	116,558
Total segment assets	**1,761,072**	1,543,070
Unallocated assets		
Investments in associates	**86,788**	6,122
Investments in jointly controlled entities	**–**	151,742
Bank balances and cash	**408,475**	150,287
Available-for-sale investments	**16,849**	132,195
Pledged bank deposits	**13,123**	18,075
Held for trading investments	**4,826**	14,219
Deferred tax asset	**4,429**	4,313
Deferred consideration	**388,917**	–
Other unallocated assets	**2,420**	647
Consolidated assets	**2,686,899**	2,020,670

Segment liabilities

	31.12.2009	31.12.2008
	HK$'000	*HK$'000*
Continuing operations		
Digital technical solutions and equipment business	**84,173**	72,500
Traditional business	**13,211**	41,366
Printed circuit boards	**3,476**	13,882
High precision metal components	**6,492**	9,997
Intelligent information business	**261,595**	163,513
Others	**41,772**	24,765
Liabilities relating to discontinued operation		
Photomask business	**–**	38,494
Total segment liabilities	**410,719**	364,517
Unallocated liabilities		
Bank borrowings	**526,667**	287,218
Convertible loan notes	**467,854**	319,656
Tax liabilities	**11,496**	5,930
Deferred tax liabilities	**6,782**	13,413
Other unallocated liabilities	**–**	450
Consolidated liabilities	**1,423,518**	991,184

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than investments in associates, investments in jointly controlled entities, bank balances and cash, available-for-sale investments, pledged bank deposits, held for trading investments, deferred consideration, deferred tax assets and other unallocated assets; and

- all liabilities are allocated to operating segments other than bank borrowings, convertible loan notes, tax liabilities, deferred tax liabilities and other unallocated liabilities.

Other segment information

2009

Continuing operations

	Digital technical solutions and equipment business	Traditional business #	Printed circuit boards	High precision metal components	Intelligent information business	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure *(note)*	**25,894**	**312**	**53,200**	**22**	**8,184**	**106**	**87,718**
Depreciation of property, plant and equipment	**1,777**	**3,205**	**2,069**	**1,273**	**1,601**	**2,438**	**12,363**
Amortisation of intangible assets	**6,106**	**–**	**–**	**–**	**296**	**–**	**6,402**
Loss (gain) on disposal of property, plant and equipment	**61**	**–**	**–**	**(22)**	**2,551**	**515**	**3,105**
(Reversal of) impairment loss in respect of trade receivables	**(919)**	**(260)**	**–**	**913**	**–**	**–**	**(266)**
Increase in fair value of investment properties	**–**	**–**	**–**	**–**	**–**	**1,385**	**1,385**
Release of prepaid lease payment	**–**	**96**	**–**	**–**	**–**	**276**	**372**
Share-based payment expenses	**–**	**–**	**–**	**–**	**–**	**5,597**	**5,597**
Written off of inventories	**–**	**21,593**	**–**	**–**	**–**	**–**	**21,593**
Impairment loss in respect of amounts due from customers for contract work	**–**	**–**	**–**	**–**	**7,514**	**–**	**7,514**

2008

Continuing operations

	Digital technical solutions and equipment business *HK$'000*	Traditional business # *HK$'000*	Printed circuit boards *HK$'000*	High precision metal components *HK$'000*	Intelligent information business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure *(note)*	181,174	890	–	102	1,806	482	184,454
Depreciation of property, plant and equipment	611	7,898	2,500	1,660	1,865	2,410	16,944
Amortisation of intangible assets	5,080	–	–	–	296	–	5,376
Impairment loss in respect of property, plant and equipment	–	4,245	–	–	–	–	4,245
Loss (gain) on disposal of property, plant and equipment	–	2	–	–	347	(187)	162
Impairment loss in respect of trade receivables	–	9,749	–	800	2,716	–	13,265
Allowances for inventories	–	16	–	–	–	–	16
Decrease in fair value of investment properties	–	–	–	–	–	635	635
Release of prepaid lease payment	–	95	–	–	–	298	393
Share-based payment expenses	–	–	–	–	–	30,295	30,295
Written off of inventories	–	12,444	–	–	–	–	12,444
Impairment loss in respect of amounts due from customers for contract work	–	–	–	–	6,589	–	6,589

Note: Non-current assets excluded those relating to discontinued operation, financial instruments and deferred tax assets.

5. OTHER INCOME, GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank deposits	**1,073**	1,947
Proceeds from sale of scrap	**103**	1,195
Recovery from insurance claim *(note)*	**16,694**	10,800
Income from provision of utility services	**3,209**	2,285
Net foreign exchange gain	**4,649**	–
(Reversal of) impairment loss in respect of trade receivables	**266**	(13,265)
Impairment loss in respect of amounts due from customers for contract work	**(7,514)**	(6,589)
Impairment loss in respect of property, plant and equipment	**–**	(4,245)
Impairment loss in respect of investment in an associate	**(2,542)**	–
Impairment loss in respect of investment in a jointly controlled entity	**(470)**	–
Loss on disposal of property, plant and equipment	**(3,105)**	(162)
Net foreign exchange losses	**–**	(321)
Research and development costs	**(1,794)**	(4,907)
Litigation claim settlement	**(9,305)**	–
Others	**3,739**	3,161
	5,003	(10,101)

Note: Amounts represented recovery from insurance claim arising from a flooding happened in the Group's factory in Dongguan, the PRC which caused significant damage to inventories of the Group in 2008. The amounts were confirmed by and received from the insurance company in 2009 and 2008 respectively.

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	**21,364**	18,640
Convertible loan notes	**45,892**	24,623
Finance leases	**37**	43
Loan from a related company	**209**	689
	67,502	43,995

7. INCOME TAX (CREDIT) EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	**165**	2,411
Other regions in the PRC	**3,488**	1,303
	3,653	3,714
Under (overprovision) in prior years:		
Hong Kong	**1,304**	(1,114)
Other regions in the PRC	**(1,549)**	–
	(245)	(1,114)
Deferred tax		
Current year	**(6,621)**	(1,897)
Attributable to a change in tax rate	**–**	258
	(6,621)	(1,639)
	(3,213)	961

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards except for the followings:

(a) Pursuant to the relevant laws and regulations in the PRC, a principal subsidiary of the Company is exempted from PRC income tax for two years starting from its first profit-making year in 2008, followed by a 50% reduction in the applicable tax rate for the next three years. The tax holidays and concessions will expire in 2012.

(b) A major operating subsidiary in the PRC was qualified as High and New Technology Enterprises since 2008 and is entitled to a preferential income tax rate of 15% for 3 consecutive years from 2008 onwards.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rate would increase progressively from 15% to 18%, 20%, 22%, 24% and 25% for the year ended/ending 31 December 2008, 2009, 2010, 2011 and 2012 respectively.

8. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2009	2008
	HK$'000	*HK$'000*
(Loss) profit for the year from continuing operations has been arrived at after charging:		
Continuing operations		
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	**54,839**	79,882
– Retirement benefit scheme contributions	**3,104**	3,481
Total staff costs	**57,943**	83,363
Depreciation of property, plant and equipment	**12,363**	16,944
Amortisation of intangible assets (included in cost of sales)	**6,402**	5,376
Total depreciation and amortisation	**18,765**	22,320
Auditor's remuneration	**2,444**	2,971
Cost of inventories recognised as expenses (including allowances for inventory in 2009: nil, 2008: HK$742,000 and written off of inventories in 2009: HK$21,593,000, 2008: HK$12,444,000)	**111,539**	422,957
Contract costs recognised as expenses	**214,880**	214,557
Loss on disposal of property, plant and equipment (included in other income, gains and losses)	**3,105**	162
Release of prepaid lease payments	**372**	393
Share of tax of associates (included in share of results of associates)	**–**	1,335

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	**141,197**	(30,745)

	2009	2008
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**2,054,365**	1,919,378

For the year ended 31 December 2009, the calculation of diluted earnings per share has not assumed (i) the conversion of the Company's outstanding convertible loan notes and (ii) the exercise of the Company's share options as these would result in an increase in earnings per share for that year.

For the year ended 31 December 2008, the calculation of diluted loss per share has not assumed (i) the conversion of the Company's outstanding convertible loan notes which would result in a decrease in the loss per share and (ii) the share options granted by the Company, as the exercise price of these share options is higher than the average market price of the Company's share.

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Earnings figures are calculated as follows:		
Profit (loss) for the year attributable to the owners of the Company	**141,197**	(30,745)
Less: profit (loss) for the period/year from discontinued operation	**169,808**	(73,086)
(Loss) profit for the purposes of basic and diluted earnings per share from continuing operations	**(28,611)**	42,341

For the year ended 31 December 2009, the calculation of diluted loss per share from continuing operations has not assumed (i) the conversion of the Company's outstanding convertible loan notes and (ii) the exercise of the Company's share options as these would result in a decrease in loss per share.

For the year ended 31 December 2008, the calculation of diluted earnings per share from continuing operations has not assumed (i) the conversion of the Company's outstanding convertible loan notes which would result in an increase in the earnings per share and (ii) the share options granted by the Company, as the exercise price of these share options is higher than the average market price of the Company's share.

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic earnings per share from discontinued operation is HK8.27 cents per share (2008: basic loss per share from discontinued operation is HK3.81 cents per share) and diluted earnings per share from the discontinued operation is HK8.22 cents per share (2008: diluted loss per share from discontinued operation is HK3.81 cents per share), based on the profit for the year from the discontinued operation of HK$169,808,000 (2008: loss for the year from the discontinued operation of HK$73,086,000) and the denominators detailed above for both basic and diluted earnings per share.

For the year ended 31 December 2008, the calculation of diluted loss per share has not assumed (i) the conversion of the Company's outstanding convertible loan notes as this could result in a decrease in the loss per share and (ii) the share options granted by the Company, as the exercise price of these share options is higher than the average market price of the Company's share.

10. TRADE AND BILLS RECEIVABLES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Trade and bills receivables	**344,693**	436,292
Less: allowance for doubtful debts	**(53,573)**	(67,312)
	291,120	368,980

Trading terms with customers are principally on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable in the range of 30 to 360 days of issuance, except for certain well established customers, where the terms are extended to over one year. Each customer has a designated credit limit.

An aged analysis of the trade and bills receivables at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**118,634**	286,245
91 – 180 days	**65,172**	59,587
181 – 365 days	**30,592**	16,988
1 – 2 years	**75,777**	3,758
Over 2 years	**945**	2,402
	291,120	368,980

Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines a credit rating and limit for each customer. In addition, the Group reviews the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable. In the opinion of directors, trade and bill receivables that are not past due nor impaired were of good credit quality at the end of the reporting period.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK$122,164,000 (2008: HK$59,065,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. Aggregate amount of approximately HK$178,323,000 is subsequently settled by customers up to date of this announcement.

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of reporting period, based on invoice date, is as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**176,395**	87,906
91 – 180 days	**26,468**	92,100
181 – 365 days	**13,144**	9,343
1 – 2 years	**24,013**	5,199
Over 2 years	**3,174**	4,686
	243,194	199,234

12. CONVERTIBLE LOAN NOTES

THE GROUP AND THE COMPANY

The Group issued convertible loan notes in 2008 and 2009 respectively. Movements for the years ended 31 December 2009 and 2008 are set out as follows:

	Liability component	**Derivative components**
	HK$'000	*HK$'000*
At 1 January 2008	–	–
Issue of convertible loan notes	302,644	–
Interest charge	24,623	–
Interest paid	(8,165)	–
Exchange realignment	554	–
At 31 December 2008 and 1 January 2009	319,656	–
Issue of convertible loan notes	41,059	75,191
Interest charge	45,892	–
Interest paid	(11,550)	–
Exchange realignment	(32)	–
Gain arising on changes of fair value	–	(2,362)
Carrying amount at 31 December 2009	395,025	72,829

Convertible Loan Notes Issued In 2008

(a) On 17 April 2008, the Company issued convertible loan notes with an aggregate principal amount of HK$385,000,000 ("Convertible Notes"). The maturity date of the Convertible Notes is on 17 April 2011 ("Maturity Date"). The Convertible Notes carry 3% coupon interest per annum payable semi-annually and will be redeemed at its principal amount at the Maturity Date by the Company.

The Convertible Notes are convertible into shares at any time after 17 April 2008 up to, and excluding, the close of business on the Maturity Date at the initial conversion price of HK$1.10 per share, subject to anti-dilutive adjustments ("Initial Conversion Price"). The conversion option component of the Convertible Notes will be settled by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments and accordingly is classified as an equity instrument of the Company.

The Company has the compulsory conversion option to convert the Convertible Notes at any time prior to the Maturity Date, on the basis that the closing price of the shares of the Company for any 20 trading days in 30 consecutive trading days shall not be less than 163% of the Initial Conversion Price. Then the Company may, having given not less than 30 but not more than 60 days' prior notice in writing to the noteholders of the Convertible Notes, require the noteholders of the Convertible Notes to convert the Convertible Notes into the shares of the Company.

The Convertible Notes contain two components, liability and equity components. The equity component is included in the convertible loan notes equity reserve. The effective interest rate of the liability component is 11.64% per annum. As at 31 December 2009, the carrying amount of the liability component of the Convertible Notes is HK$346,055,000. No conversion was noted in 2009 and 2008.

Convertible Bond Issued In 2009

(b) On 5 June 2009 ("Issue Date"), the Company issued a new convertible bond for a principal amount of US$15,000,000 (equivalent to approximately HK$116,250,000) ("Convertible Bond") to an independent third party, Templeton Strategic Emerging Markets Fund III, LDC (the "Convertible Bondholder").

The maturity date of the Convertible Bond is on 5 June 2014 ("Maturity Date II"). The Convertible Bond shall not bear any interest and will be redeemed at its outstanding principal amount plus a premium of 8.5% per annum compounded annually at the Maturity Date II by the Company. The Convertible Bond is denominated in US$.

The major terms of Convertible Bond are as follows:

(i) Conversion option:

The Convertible Bond is convertible into shares of the Company at any time after the Issue Date up to, but excluding the close of business on the Maturity Date II at the conversion price of HK$0.60 per share, subject to anti-dilutive adjustments ("Conversion Price").

(ii) Compulsory conversion option:

The Company has the compulsory conversion option to convert the Convertible Bond at any time starting from the first day after the second anniversary of the Issue Date and prior to the Maturity Date II, if the volume weighted average of the closing market price of the shares of the Company for any consecutive 20 business days (excluding any days on which the trading of the shares is suspended) ("Trading Days") immediately preceding the date of exercise of such right exceeded 170% of the Conversion Price and there is a minimum daily trading value of HK$7,800,000 for each of such 20 Trading Days. Then, the Company may, having given not less than 30 but not more than 60 days' prior notice in writing to the Convertible Bondholder to convert all outstanding principal amount of the Convertible Bond into the Company's shares.

(iii) Bondholder's early redemption option:

The Convertible Bondholder shall be entitled by giving 10 business days prior written notice to the Company require the Company to redeem the whole amount, or any part, of the Convertible Bond on the date falling on the second anniversary from the Issue Date, which is on 5 June 2011. The amount payable on redemption in such case is the amount which is equal to the aggregate of (i) the principal amount of the Convertible Bond to be redeemed; and (ii) a premium equal to 8.5% per annum, compounded annually, accrued from the Issue Date up to (but excluding) the date of redemption for such Convertible Bond to be redeemed, calculated on the basis of 360 days a year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed during that month.

The Convertible Bond contains liability component, conversion option derivative, compulsory conversion option derivative and bondholder's early redemption option derivative. The conversion options and bondholder's early redemption options are not closely related to the liability component and are therefore classified as derivative components.

At the date of issue, the liability component was recognised at fair value, calculated based on the present value of the redemption amount at maturity. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The effective interest rate of the liability component is 33.6% per annum.

The conversion option derivative, compulsory conversion option derivative and bondholder's early redemption option derivative are measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss for the year ended 31 December 2009.

Binomial model is used for valuation of conversion option derivative, compulsory conversion option derivative and bondholder's early redemption option derivative. The major inputs into the model were as follows:

	5 June 2009	**31 December 2009**
Stock price	HK$0.60	HK$0.57
Exercise price	HK$0.60	HK$0.60
Volatility *(note)*	50%	55%
Dividend yield	0%	0%
Option life	5 years	4.43 years
Risk free rate	2.83%	2.4%

Note: The volatility used in the model was determined with reference to the average of the comparable companies' historical volatility.

The fair value of the Convertible Bond with embedded derivatives were determined with reference to a valuation report carried out by an independent and recognised international business valuers, on Issue Date at approximately HK$116,250,000. At 31 December 2009, the liability component of the Convertible Bond is HK$48,970,000 and the fair value of the derivative components of the Convertible Bond is HK$72,829,000.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover from the continuing operations for the year ended 31 December 2009 amounted to HK$441.7 million (31 December 2008: HK$905.5 million), representing a decrease of 51% over the previous year. The decrease was attributable to the significant reduction of customer orders received from the digital television equipment and the slowdown of progress billings recognised on certain installation contracts during the year.

Profit attributable to the owners of the Company for the year amounted to HK$141.2 million (31 December 2008: loss of HK$30.7 million). The increase was mainly attributable to the disposal of several subsidiaries and a jointly controlled entity that recognised a net gain of approximately HK$202.1 million, the gain on disposal of available-for-sales investments and held for trading investments of approximately HK$50.5 million and offset by the finance costs and other operating expenses of HK$111.4 million. The basic earnings per share from continuing and discontinued operations were HK6.87 cents (31 December 2008: basic loss per share of HK1.60 cents). By excluding the discontinued operation, the basic loss per share from continuing operations was HK1.39 cents (31 December 2008: basic earnings per share of HK2.21 cents).

As at 31 December 2009, the Group's equity attributable to the owners of the Company amounted to HK$1,219.0 million, an increase of HK$206.8 million over the audited figure as at 31 December 2008 of HK$1,012.2 million. The net asset value per share attributable to the owners of the Company as at 31 December 2009 was HK$0.57 (31 December 2008: HK$0.53).

Digital Television Business

As at 31 December 2009, the Group had, together with Guangdong Southern Yinshi Network Media Company Limited (hereinafter abbreviated as "Southern Yinshi"), set up 15 local digital television project companies (hereinafter abbreviated as "local project companies") in Guangdong Province and established an operational platform with approximately 1,200,000 users of cable television.

During the year, the Group, pursuant to the cooperative agreement it had entered into with Southern Yinshi, has received an operating income of technical service fee from local project companies amounting to approximately HK$85.3 million (31 December 2008: HK$70.4 million). The rise in service fee received was mainly due to the increasing number of new subscribers during the year. However, the weak domestic and global economy environment adversely affected the consumer sentiment especially in the first half of the year. As a result, the Group reported a turnover of approximately HK$13.4 million through the provision and manufacture of digital television equipment compared with a turnover of approximately HK$309.4 million in the previous year. The Group will continue to devote more resources and effort to explore the new domestic and export markets and the management still believe that the digital television business can generate a rewarding return to the Group in the long run.

Subsequent after the year-end, the Group entered into several agreements and non-binding memorandum of understanding with Southern Yinshi and other local project companies to acquire the digital TV equipment and other operating assets (collectively "digital TV system equipment"). The Group is committed to upgrade its digital TV system equipment in order to provide the advanced digital television technical solutions to our valuable customers. The Group believes that this capital investment will definitely increase the value of the Company and improve the shareholders' return. Details of the transactions were disclosed in the subsequent event note.

System Integration Solution Services

The system integration solution services have continued to generate stable return for the Group. The turnover and operating profit of Sino Stride Technology (Holdings) Limited (hereinafter abbreviated as "SST") for the year ended 31 December 2009 amounted to HK$284.8 million (31 December 2008: HK$266.7 million) and HK$16.1 million (31 December 2008: HK$24.2 million). The current year's operating profit was affected by the deterioration of certain customers' financial capabilities that led to the recognition of impairment loss in respect of amounts due from customers for contract work of approximately HK$7.5 million.

In order to strengthen the competitive advantage in intelligent building business, the Group disposed of its 19% interests in Sino Stride Technology Co., Limited to Carrier Asia for RMB47.5 million and the management anticipates this strategic alliance would benefit the development of SST in the long term.

The Group will continue to explore new business such as developing a series of energy saving products for the telecommunication industry. It is expected that this new opportunity will bring considerable return to the Group in future.

Traditional Business

Traditional business comprises the trading and manufacture of telephone accessories, power cords, adaptors and electronic products. As the Group decided to transform all the resources to manufacture the digital television equipment which have comparatively higher operating margin than the traditional electronic products, the Group disposed its 60% owned subsidiary which manufactured the low margin telephone cords and cables to an independent third party and recognised a gain of approximately HK$1.9 million in May 2009. The turnover of traditional business fell by nearly 86% to HK$29.2 million (31 December 2008: HK$209.8 million) while operating loss increased to HK$55.0 million (31 December 2008: HK$34.3 million) due to the written off of obsolete inventories of HK$21.6 million (31 December 2008: HK$12.4 million). However, the operating loss has been compensated by the receipt from an insurance claim in current year in relation to a flooding amounting to HK$16.7 million.

High Precision Metal Components

Suffering from the impact of global economic downturn, the turnover fell by nearly 45% to HK$25.9 million but the operating profit was slightly increased to HK$2.4 million (31 December 2008: HK$1.5 million). The improvement of the result was contributed to more tighten cost control measures implemented by the management.

Photomask – Discontinued operation

The photomask business is classified under discontinued operation with the disposal of Remarkable Mask Technology Company Limited ("Remarkable") completed in June 2009. Attributable turnover of Remarkable amounted to HK$8.7 million (31 December 2008: HK$38.0 million) with a reported loss of HK$37.1 million up to the date of disposal (31 December 2008: HK$73.1 million). The Group disposed its wholly owned subsidiary to an independent third party for US$42 million (approximately HK$325.5 million) and recorded a gain on disposal of about HK$206.9 million in the transaction. Details of the transaction contemplated under the agreement were disclosed in the circular to shareholders dated 18 May 2009. The first and second installments amounting to US$14.7 million (approximately HK$113.9 million) were fully received. However, there was a delay of the third installment of US$8.4 million (approximately HK$65.1 million) that scheduled to be settled on or before 31 March 2010. Management is now in discussion with the purchaser and the response is positive. The third installment is preliminarily agreed to be extended for four months and management will monitor closely the repayment and make adequate provision if consider necessary.

Jointly Controlled Entity – Copper wire

On 31 July 2009, the Group completed the disposal of its 50% equity interest in a jointly controlled entity to the remaining shareholder for a consideration of about HK$150.8 million and recorded a gain on disposal of about HK$10.5 million. Details of the transaction contemplated under the agreement were disclosed in the circular to shareholders dated 8 July 2009. As the copper wire business was heavily affected by the global financial crisis and the volatility of commodity market, the Group reported an operating loss of approximately HK$3.7 million up to the date of disposal (31 December 2008: HK$27.3 million).

OTHER INVESTMENTS

During the year, the Group disposed all 20,989,778 shares of Tianjin Printronics Circuit Corporation ("TPC") which shares are listed on Shenzhen Stock Exchange. The gain on disposal of TPC shares was approximately HK$34.3 million. Further, the Group also executed some trade transactions and disposed a portion of held for trading investments during the recent rebound from the Hong Kong stock market and recognised a gain of approximately HK$16.2 million.

PROSPECT

Along with the accelerated implementation of the State's policy of "integration of the three networks", the Group will intensify its collaboration with Guangdong Southern Yinshi Network Media Company Limited to speedy up remodeling of the existing television networks in Guangdong Province in future years, with an aim to reap income of digital television technology and added-value services through the provision of digital television technology solutions and network system equipment.

The Group believes that as the global economy stabilized, the revenue from sales of digital television equipment will rebound gradually. The Group has redeployed its resources and completed reconstruction of the plant facilities in Dongguan, well prepared for the anticipated growth in the sales of the digital television equipment business.

In addition, the Group has established a subsidiary to focus on the development of cooling system for mobile telecommunication base station in the sphere of intelligent system business, providing a series of energy saving products to reduce system energy consumption. The Group has signed cooperation agreements with some domestic mobile network companies in relation to energy-saving business, whereby the Group will provide energy-saving remodel resolution and products in accordance with energy-saving requirements of the mobile network companies. The Group believes that the new energy-saving business will bring considerable return to the Company in future.

FINANCIAL RESOURCES AND LIQUIDITY

The financial leverage of the Group as at 31 December 2009, as compared to 31 December 2008 is summarized below:

	As at	
	31 December 2009	31 December 2008
	HK$'000	*HK$'000*
Total Debt		
– from banks	**526,667**	287,218
– from a related company	**–**	20,038
– from finance leases	**–**	17,808
– from convertible loan notes	**395,025**	319,656
Sub-total	**921,692**	644,720
Cash and bank deposits	**408,475**	155,979
Net debt	**513,217**	488,741
Total capital (Equity and total debt)	**2,140,645**	1,656,925
Total assets	**2,686,899**	2,020,670
Financial leverage		
– net debt to total capital	**24.0%**	29.5%
– net debt to total assets	**19.1%**	24.2%

FINANCING ACTIVITIES

In order to further investing in the Digital Television Business, the Group, through a wholly owned subsidiary in the PRC, obtained an eight-year term loan facility of RMB400 million and subsequently drew an amount of RMB350 million. Such facility entails floating rate of five-year benchmark interest rate of The People's Bank of China. In addition, the Group successfully issued the principal amount of US$15 million zero coupon convertible bonds due 2014 in June 2009. Details of the transaction contemplated under the agreement were disclosed in the announcement dated 13 May 2009.

FOREIGN EXCHANGE EXPOSURE

The normal operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, RMB and United States dollars. The operation results of the Group might be affected by the volatility of RMB. The Group will review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposures at appropriate times. As at 31 December 2009, there were no derivative financial instruments employed during the year.

CAPITAL STRUCTURE

In April 2009, the Company successfully raised an amount of approximately HK$92.0 million by placing new 230,000,000 ordinary shares of the Company to an independent third party at a subscription price of HK$0.4 per ordinary share. Details of the transaction contemplated under the agreement were disclosed in the announcement dated 27 April 2009.

During the year, a total of 1,714,000 ordinary shares of the Company was allotted and issued as a result of the exercise of share options. Therefore, the issued share capital of the Company increased to HK$535.5 million (31 December 2008: HK$477.6 million), represented by approximately 2,142.1 million ordinary shares as at 31 December 2009 (31 December 2008: approximately 1,910.4 million ordinary shares).

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

Other than those disclosed in the paragraph of Business Review above, the Group had no other material acquisition, disposal and significant investment during the year ended 31 December 2009.

CONTINGENT LIABILITIES

The contingent liabilities of the Group were arisen from cross guarantees given by SST of approximately HK$46,330,000 (31 December 2008: HK$50,850,000) for credit facilities utilized by third parties as at 31 December 2009.

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 1,026 employees at 31 December 2009.

The remuneration policies of the Group are to ensure fairness and competitiveness of total remuneration in order to motivate and retain current employees as well as to attract potential ones. Remuneration packages are carefully structured to take into account local practices under various geographical locations in which the Group operates.

The remuneration packages of the employees include salary, discretionary bonuses, pension schemes, medical subsidies and share options as part of their staff benefits.

LITIGATION

In December 2008, San Tai Industrial Enterprise Ltd ("Santai"), a subsidiary of the Company, was served with an order (the "Order") issued by the Court of First Instance of the Hong Kong Special Administrative Region (the "High Court") to enforce an arbitration award (the "Award") obtained against Santai in Denmark for breach of a referral agreement entered into between Santai and Mercodan A/S ("Mercodan"), a Danish public limited company, on 17 February 2004.

The Award was made on 12 September 2008 in favour of Mercodan against Santai in the sum of US$3,000,000 plus interest and legal costs.

On 16 January 2009, an application was made by Santai to the High Court to set aside the Order (the "Application").

On 30 April 2009, a judgment was made by the High Court to dismiss the Application and permit the enforcement of the Award.

On 26 June 2009, Santai paid Mercodan a total sum of US$1,200,000 (equivalent to HK$9,305,000) (included in other income, gains and losses) for a full and final settlement of the Award in accordance with the deed of settlement dated on 25 June 2009 signed between Santai and Mercodan.

SUBSEQUENT EVENTS

Before the date of this announcement, a wholly owned subsidiary of the Company in the PRC, entered into three agreements with Yangchun Yinshi Digital Television Company Limited, Luoding Yinshi Digital Television Company Limited and Deqing Digital Television Company Limited respectively to acquire the digital TV system equipment at the consideration being calculated by reference to the respective valuations of the relevant digital TV system equipment. Based on the preliminary valuation but subject to adjustment, the aggregate consideration under the three agreements is approximately RMB50 million.

Besides, the Group has signed a total of fourteen non-binding memorandum of understanding with Southern Yinshi and thirteen local digital television project companies respectively for the possible acquisition of the digital TV system equipment by the Group. The considerations will be determined with reference to the valuations of the relevant assets. It is estimated that the aggregate consideration for those digital TV system equipment will amount to approximately RMB365 million.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2009. Details of the Company's compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company's 2009 annual report.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Cao Zhong
Chairman

Hong Kong, 15 April 2010

As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman), Mr. Chau Chit (Managing Director), Mr. Mung Kin Keung (Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Chen Jang Fung (Non-executive Director), Mr. Chan Wah Tip, Michael (Non-executive Director), Mr. Lee Fook Sun (Non-executive Director), Mr. James Alan Chiddix (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).