SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Sun Innovation Holdings Limited (the "Company") 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 previous year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000* (Restated)
Continuing operations			
Turnover	4	**25,204**	6,024
Cost of sales and services		**(19,773)**	(1,313)
Gross profit		**5,431**	4,711
Other income and net gains or losses	5	**436**	1,193
Selling and distribution expenses		**(1,073)**	(46)
Administrative expenses and other net operating expenses		**(22,449)**	(39,457)
Finance costs	6	**(5,494)**	(12,232)
Loss on disposal of subsidiaries, net		**(2)**	(8,634)
Fair value gains on investment properties		**2,000**	–
Allowance for doubtful debts on trade and other receivables		**(675)**	(1,041)
Loss before taxation		**(21,826)**	(55,506)
Taxation	7	**22**	(228)
Loss for the year from continuing operations	8	**(21,804)**	(55,734)

CONSOLIDATED INCOME STATEMENT *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Discontinued operations	9		
Loss for the year from discontinued operations		**(10,341)**	(7,294)
Loss for the year		**(32,145)**	(63,028)
Loss attributable to:			
– Owners of the Company		**(29,363)**	(62,263)
– Non-controlling interest		**(2,782)**	(765)
		(32,145)	(63,028)
Loss per share from continuing and discontinued operations:	10		
– Basic and diluted		**HK$(0.003)**	HK$(0.023)
Loss per share from continuing operations:	10		(Restated)
– Basic and diluted		**HK$(0.002)**	HK$(0.021)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the year	**(32,145)**	(63,028)
Other comprehensive income		
Currency translation differences	**(527)**	615
Other comprehensive income for the year, net of tax	**(527)**	615
Total comprehensive income for the year	**(32,672)**	(62,413)
Total comprehensive income attributable to:		
– Owners of the Company	**(29,890)**	(61,648)
– Non-controlling interest	**(2,782)**	(765)
	(32,672)	(62,413)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Notes	**31 December 2010** **HK$'000**	31 December 2009 *HK$'000* (Restated) *Note 2(a)*	1 January 2009 *HK$'000* (Restated) *Note 2(a)*
Non-current assets				
Property, plant and equipment		**1,272**	1,993	3,609
Investment properties		**118,000**	116,000	140,820
Intangible assets		**–**	–	392
		119,272	117,993	144,821
Current assets				
Trading merchandise goods		**–**	–	69
Trade receivables, other receivables and prepayments	11	**8,451**	6,065	19,182
Bank balances and cash		**261,067**	296,418	9,000
		269,518	302,483	28,251
Current liabilities				
Trade payables, other payables and accruals	12	**6,111**	5,916	30,763
Bank and other borrowings	2(a)	**54,830**	58,111	83,743
Convertible bonds		**35,188**	–	–
Tax payable		**108**	108	521
		96,237	64,135	115,027
Net current assets/(liabilities)		**173,281**	238,348	(86,776)
Total assets less current liabilities		**292,553**	356,341	58,045

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AS AT 31 DECEMBER 2010

	Note	**31 December 2010** **HK$'000**	31 December 2009 *HK$'000* (Restated) *Note 2(a)*	1 January 2009 *HK$'000* (Restated) *Note 2(a)*
Non-current liabilities				
Bank and other borrowings	2(a)	**–**	50	–
Convertible bonds		**–**	35,596	5,664
Deferred tax liabilities		**4,367**	4,367	5,369
		4,367	40,013	11,033
Net assets		**288,186**	316,328	47,012
EQUITY				
Share capital		**88,827**	87,577	147,004
Reserves		**200,955**	227,565	(101,943)
Equity attributable to owners of the Company		**289,782**	315,142	45,061
Non-controlling interest		**(1,596)**	1,186	1,951
Total equity		**288,186**	316,328	47,012

NOTES

1. Organisation and operations

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has its principal place of business at Rooms 1818-1823, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, its subsidiaries are principally engaged in the businesses of property investment, trading and entertainment media. The operations of entertainment media, telecommunication and leisure and entertainment events were discontinued at the end of the year.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on Group's financial statements.

HKFRS 3 (Revised) – Business Combinations and HKAS 27(Revised) – Consolidated and Separate Financial Statements

The revised accounting policies which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of HK Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to comparatives for the year ended 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

Effect of adoption of HK Interpretation 5 on the consolidated statement of financial position

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in			
Current liabilities			
Bank and other borrowings	**47,398**	54,731	34,980
Non-current liabilities			
Bank and other borrowings	**(47,398)**	(54,731)	(34,980)

As a result of the above retrospective reclassification, an additional consolidated statement of financial position as at 1 January 2009 is presented in accordance with HKAS 1 Presentation of Financial Statements.

(b) New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's operations, have been issued, but are not yet effective and have not been early adopted by the Group:

		Effective date
HKFRSs (Amendments)	Improvements to HKFRSs 2010	(i) & (ii)
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	(i)
HKAS 24 (Revised)	Related Party Disclosures	(ii)
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets	(iii)
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets	(iv)
HKFRS 9	Financial Instruments	(v)

Effective date:

(i) Annual periods beginning on or after 1 July 2010

(ii) Annual periods beginning on or after 1 January 2011

(iii) Annual periods beginning on or after 1 July 2011

(iv) Annual periods beginning on or after 1 January 2012

(v) Annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretation (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These financial statements have been prepared under the historical cost basis, as modified for investment properties and derivative component of convertible bonds, which are carried at fair value.

4. Turnover and segment reporting

An analysis of the turnover, which is also the Group's revenue for the year, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Continuing operations:		
Sale of goods	**20,308**	56
Rental income	**4,896**	5,968
	25,204	6,024
Discontinued operations:		
Rendering of services *(Note 9)*	**5,322**	11,752

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

– Property investment
– Trading
– Entertainment media (mobile entertainment business) (discontinued during the year – Note 9)
– Leisure and entertainment events (discontinued during the year – Note 9)
– Telecommunication (maintenance and support services for cable use right between Japan and Hawaii) (discontinued during the year – Note 9)

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-makers for assessment of segment performance.

	Continuing operations						Discontinued operations									
	Property investment		Trading		Total		Entertainment media		Leisure and entertainment events		Telecommunication		Total		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**4,896**	5,968	**20,308**	56	**25,204**	6,024	**5,322**	9,567	**–**	385	**–**	1,800	**5,322**	11,752	**30,526**	17,776
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**4,896**	5,968	**20,308**	56	**25,204**	6,024	**5,322**	9,567	**–**	385	**–**	1,800	**5,322**	11,752	**30,526**	17,776
Reportable segment profit/(loss)	**3,771**	4,226	**674**	(2,379)	**4,445**	1,847	**(7,556)**	(3,213)	**(418)**	(3,534)	**(1)**	(24)	**(7,975)**	(6,771)	**(3,530)**	(4,924)
Depreciation and amortisation	**–**	8	**–**	228	**–**	236	**504**	374	**34**	65	**–**	393	**538**	832	**538**	1,068
Fair value gains on investment properties	**2,000**	–	**–**	–	**2,000**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,000**	–
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**–**	–	**583**	–	**–**	–	**–**	–	**583**	–	**583**	–
Taxation	**–**	119	**–**	–	**–**	119	**–**	–	**–**	–	**–**	–	**–**	–	**–**	119
Allowance/(write-back of allowance) for doubtful debts on trade and other receivables	**320**	794	**355**	247	**675**	1,041	**2,053**	–	**–**	–	**(14)**	491	**2,039**	491	**2,714**	1,532
Reportable segment assets	**119,268**	117,116	**19,492**	346	**138,760**	117,462	**675**	9,823	**–**	512	**4**	5	**679**	10,340	**139,439**	127,802
Additions to non-current assets	**–**	–	**–**	–	**–**	–	**677**	189	**–**	–	**–**	–	**677**	189	**677**	189
Reportable segment liabilities	**8,970**	9,142	**685**	585	**9,655**	9,727	**7,404**	8,041	**–**	598	**11**	152	**7,415**	8,791	**17,070**	18,518

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**30,526**	17,776

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Loss before taxation (include continuing and discontinued operations)		
Reportable segment loss	**(3,530)**	(4,924)
Segment loss from discontinued operations	**7,975**	6,771
Other income and net gains or losses	**441**	1,229
Unallocated corporate expenses	**(20,169)**	(36,116)
Allowance for doubtful debts on trade and other receivables	**(2,714)**	(1,532)
Fair value gains on investment properties	**2,000**	–
Loss on disposal of subsidiaries, net	**(2)**	(8,634)
Finance costs	**(5,827)**	(12,300)
Consolidated loss before taxation from continuing operations	**(21,826)**	(55,506)

	2010	2009
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**139,439**	127,802
Unallocated bank balances and cash	**245,950**	289,017
Unallocated corporate assets	**3,401**	3,657
Consolidated total assets	**388,790**	420,476
Liabilities		
Reportable segment liabilities	**17,070**	18,518
Current tax liabilities	**108**	108
Deferred tax liabilities	**4,367**	4,367
Unallocated corporate liabilities	**79,059**	81,155
Consolidated total liabilities	**100,604**	104,148

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers in its continuing operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Hong Kong	**8,649**	5,372	**119,272**	117,699
Mainland China	**16,555**	652	**–**	–
United States of America ("USA")	**–**	–	**–**	76
Macau	**–**	–	**–**	218
	25,204	6,024	**119,272**	117,993

(d) Major customers

The Group's customer base is diversified and there were two (2009: four) customers with whom transactions have exceeded 10% of the Group's revenues.

During the current year, revenues from two customers in the trading segment amounted to approximately HK$16,555,000 and HK$3,753,000 respectively. During the year ended 31 December 2009, revenues from a customer in the property investment segment amounted to approximately HK$2,170,000; revenues from a customer in the telecommunication segment amounted to approximately HK$1,800,000 and revenues from two customers in the entertainment media segment amounted to approximately HK$3,888,000 and HK$1,987,000 respectively.

5. Other income and net gains or losses

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income	**333**	22
Management service income	**–**	382
Net realised gains on trading securities	**–**	2,477
Fair value loss on derivative component of convertible bonds	**–**	(2,029)
Others	**103**	341
	436	1,193

6. Finance costs

	2010	2009
	HK$'000	*HK$'000*
Imputed interest on convertible bonds	**4,333**	6,254
Interests on:		
Borrowings wholly repayable within five years	**1,494**	6,046
	5,827	12,300
Attributable to continuing operations reported in the consolidated income statement	**5,494**	12,232
Attributable to discontinued operations *(Note 9)*	**333**	68
	5,827	12,300

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2010 and 2009, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,491,000 and HK$1,297,000 respectively.

7. Taxation

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Taxation (credited)/charged in the consolidated income statement represents:		
Current taxation – Hong Kong profits tax for the year	**–**	108
Current taxation – overseas		
– tax for the year	**–**	120
– overprovision in respect of prior years	**(22)**	–
	(22)	228

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits of the prior year. No provision for Hong Kong profits tax has been made for the current year as the Group did not have assessable profits arising in Hong Kong. Taxation for overseas subsidiaries has been calculated on the estimated assessable profits for the year ended 31 December 2009 at the appropriate current rates of taxation ruling in the countries in which the Company's subsidiaries operate.

8. Loss for the year

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
This is arrived at after charging/(crediting):		
Cost of sales and services	**19,773**	1,313
Loss on disposal of property, plant and equipment	**87**	902
Exchange differences, net	**(536)**	370
Auditors' remuneration	**510**	500
Depreciation of property, plant and equipment	**475**	989
Operating lease rentals in respect of rented premises	**1,924**	3,443
Staff costs:		
– Directors' remuneration	**1,802**	3,304
– Other staff costs:		
Salaries, wages and other benefits	**7,171**	12,129
Retirement benefit scheme contributions	**74**	269
Total staff costs	**9,047**	15,702

9. Discontinued operations

During the year, the Group ceased its operations in entertainment media business, telecommunication business and leisure and entertainment events business (collectively referred to as the "Discontinued Operations"). On 20 December 2010, the Group decided not to continue to finance its entertainment media business and telecommunication business. Further details are set out in the Company's announcement dated 20 December 2010. Further, the Group did not hold any leisure and entertainment event during the current year. As at 31 December 2010, the Discontinued Operations ceased and accordingly these three segments were classified as Discontinued Operations in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The sales, results and cash flows of the Discontinued Operations were as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover *(Note 4)*	**5,322**	11,752
Cost of sales and services	**(2,590)**	(5,541)
Gross profit	**2,732**	6,211
Other income	**5**	36
Selling and distribution expenses	**–**	(199)
Administrative expenses and other net operating expenses	**(10,123)**	(12,783)
Impairment loss on property, plant and equipment	**(583)**	–
Finance costs *(Note 6)*	**(333)**	(68)
Allowance for doubtful debts on trade and other receivables	**(2,039)**	(491)
Loss before taxation	**(10,341)**	(7,294)
Taxation	**–**	–
Loss for the year from the Discontinued Operations	**(10,341)**	(7,294)
Operating cash flows	**(6,338)**	(25,052)
Investing cash flows	**(678)**	(188)
Financing cash flows	**1,094**	29,449
Total cash flows	**(5,922)**	4,209

For the purpose of presenting the Discontinued Operations, the comparative consolidated income statement and the related notes have been re-represented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

10. Loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic loss per share is based on the following data:

From continuing and discontinued operations

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(29,363)**	(62,263)

	Number of shares	
	2010	2009
Weighted average number of ordinary shares for the purpose of basic loss per share	**8,781,380,823**	2,651,374,839

From continuing operations

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Loss for the year for the purpose of basic loss per share from continuing operations	**(21,804)**	(55,734)

As convertible bonds, share options and warrants, where applicable, outstanding during the years had an anti-dilutive effect on the basic loss per share for both years, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share for (i) continuing and discontinued operations and (ii) continuing operations in the respective years are equal.

From discontinued operations

Basic losses per share for the discontinued operations is HK$0.001 (2009: HK$0.002 (restated)) per share, based on the loss for the year from the discontinued operations of HK$7,559,000 (2009: HK$6,529,000 (restated)) attributable to owners of the Company and the denominators detailed above for both basic and diluted losses per share.

As convertible bonds, share options and warrants, where applicable, outstanding during the years had an anti-dilutive effect on the basic loss per share for both years, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share for the discontinued operations in the respective years are equal.

11. Trade receivables, other receivables and prepayments

	2010	2009
	HK$'000	*HK$'000*
Trade receivables, net of allowance	**4,987**	2,336
Other receivables and prepayments, net of allowance	**3,464**	3,729
	8,451	6,065

(i) The directors consider that the carrying amounts of trade receivables, other receivables and prepayments approximate their fair values as at 31 December 2009 and 2010.

No interest is charged on trade and other receivables.

(ii) The Group normally allows an average credit period of 30 to 90 days to trade customers. The ageing analysis of the Group's trade receivables, net of allowance for doubtful debts, based on the due date as of the end of reporting period was as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**4,931**	733
31 to 60 days	**20**	463
61 to 90 days	**19**	347
Over 90 days	**17**	793
	4,987	2,336

As at 31 December 2010, the Group's trade receivables of HK$3,751,000 (2009: HK$2,034,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties or had prolonged delay in settlement, and management assessed that any amount of the impaired receivables is expected to be irrecoverable. Consequently, an accumulated specific allowance for doubtful debts of HK$3,751,000 (2009: HK$2,034,000) was made. The Group does not hold any collateral over these balances.

Except for the above, no further allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services.

(iii) The movements in the allowance for doubtful debts on trade receivables during the year, including both specific and collective loss components, are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**2,034**	512
Allowance for doubtful debts	**1,701**	1,532
Exchange fluctuation	**16**	(10)
At 31 December	**3,751**	2,034

(iv) The movements in the allowance for doubtful debts on other receivables during the year, including both specific and collective loss components, are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**88**	88
Allowance for doubtful debts	**1,013**	–
At 31 December	**1,101**	88

12. Trade payables, other payables and accruals

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**1,722**	980
Other payables and accruals	**4,389**	4,936
	6,111	5,916

Trade payables principally comprise amounts outstanding for trade purchases and outgoing costs.

The directors consider that the carrying amounts of trade payables, other payables and accruals approximate their fair values as at 31 December 2009 and 2010.

The ageing analysis of the Group's trade payables as of the end of reporting period was as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**151**	142
31 to 60 days	**126**	204
61 to 90 days	**129**	74
Over 90 days	**1,316**	560
	1,722	980

DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2010 (2009: HK$Nil).

BUSINESS REVIEW AND OUTLOOK

FINANCIAL REVIEW

The financial performance of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2010 had been improved steadily compared to last year after the re-allocation of resources among the existing business segments of the Group during the year of 2010. The turnover (including both continuing and discontinued operations) of the Group for the year ended 31 December 2010 was HK$30,526,000 (2009: HK$17,776,000), representing an increase of 72% compared to that of last year. The turnover from the continuing operations of the Group for the year ended 31 December 2010 was HK$25,204,000 (2009: HK$6,024,000), representing a substantial increase of 318% compared to that of last year. The increase of turnover was due to the expansion of Trading Segment in Hong Kong. Loss of the Group from both continuing and discontinued operations for the year ended 31 December 2010 amounted to approximately HK$32,145,000 (2009: HK$63,028,000) while the loss of the Group from the continuing operations for the year ended 31 December 2010 was substantially reduced to approximately HK$21,804,000 (2009: HK$55,734,000). The loss reduced was mainly because of the reduction of administrative expenses and finance costs and the absence of significant loss on disposal of subsidiaries occurred in last year.

Property Investment Segment

The turnover and the profit of this Segment for the year ended 31 December 2010 were HK$4,896,000 (2009: HK$5,968,000) and HK$3,771,000 (2009: HK$4,226,000) respectively. The turnover represented 16% of the Group's overall turnover during the year under review. Since this Segment disposed of the leasing properties (20 service apartments) in Suzhou, PRC in May 2009 and there was a vacant period during the change of tenants of the investment property located at Citicorp Centre in Hong Kong in early 2010, the turnover and profit decreased accordingly when compared to those of last year. All shops and majority of car parks at Citicorp Centre were leased out as at 31 December 2010. The Group would review the existing investment properties portfolio and might explore potential profitable investments in Hong Kong, PRC and/or Asia Pacific region.

Trading Segment (previously known as "Media Shopping Segment")

Commencing from April 2010, the Group had developed and expanded the operation of this Segment in Hong Kong by establishing a trading wing between Hong Kong/ Mainland China and the United States of America by trading the metal scraps (e.g. copper wire). In the fourth quarter of the year 2010, this Segment expanded its business to trade red wines in Hong Kong. However, the Guangzhou operation of this Segment remained dormant during the year under review.

The turnover of this Segment for the year ended 31 December 2010 recorded approximately HK$20,308,000 (2009: HK$56,000) which represented 67% of the turnover of the Group for the year under review. The turnover of this Segment has grown steadily since its expansion in the year of 2010. Its customers are located in Hong Kong and the Mainland China. The profit of this Segment for the year ended 31 December 2010 was HK$674,000 (2009: loss of HK$2,379,000).

DISCONTINUED BUSINESSES

Entertainment Media Segment, Telecommunication Segment and Leisure and Entertainment Events Segment

Further to the disclosure in the Interim Report 2010 of the Company, the Company had continued its efforts to assess, rationalise and where necessary scale down certain unprofitable business operations of the Group. In December 2010, the Company announced that it would not continue to finance and would over time cease the Entertainment Media Segment and the Telecommunication Segment accordingly. Details of the announcement were published on 20 December 2010 (the "Announcement"). Therefore, the Company had ceased the financial and operational supports to the aforesaid discontinued segments accordingly.

The Entertainment Media Segment engaged in mobile entertainment business and provided multi-media advertising, mobile contents and platform solution services. Due to the performance of the Entertainment Media Segment which had deteriorated tremendously during the year 2010, in order to deploy the internal resources of the Group effectively in the best interest of the Company's shareholders, the Board of Directors of the Company made the decision and the Announcement was published. The turnover of the Entertainment Media Segment for the year ended 31 December 2010 was HK$5,322,000 (2009: HK$9,567,000), representing 44% decrease compared with last year while the loss of this Segment for the year ended 31 December 2010 amounted to HK$7,556,000 (2009: HK$3,213,000), representing 135% increase compared with last year.

The Telecommunication Segment has been dormant since the termination of services by a Japan customer in November 2009. There was no turnover recorded for the year ended 31 December 2010 (2009: HK$1,800,000). The Board of Directors decided to re-allocate the resources and focus more on those bolstering business segments of the Group, as a result, the Telecommunication Segment was discontinued in end of December 2010.

For the Leisure and Entertainment Events Segment, since its operation had been dormant since the year end of 2009, there was no turnover recorded for the year ended 31 December 2010 (2009: HK$385,000). The loss of this Segment for the year ended 31 December 2010 was HK$418,000 (2009: HK$3,534,000), which were mainly the expenses for termination of office in Macau. The Company also decided to discontinue this Segment in the year ended 31 December 2010 in order to focus on the other bolstering business segments of the Group in the year of 2011.

CAPITAL

During the year of 2010, two holders of the convertible bonds ("CBs") of the Company in the aggregate principle amount of HK$5,000,000 exercised their rights and converted the whole amount of the aforesaid CBs in to 125,000,000 shares of the Company in aggregate. Details of the conversion were announced in the Company's Monthly Return of Equity Issuer on Movements in Securities for the months ended 30 June 2010 and 30 November 2010 respectively.

As at 31 December 2010, the total number of issued shares of the Company was 8,882,685,768 shares and there were outstanding CBs in the principal amount of HK$38,000,000 and the holder of which is entitled to convert into 950,000,000 shares of the Company during the conversion period of the CBs.

LIQUIDITY, FINANCE RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO

The Group has diverse sources of financing, including internal funds generated from the Group's business operations, general banking facilities on secured basis, non-bank loans on unsecured basis and non-regular contributions (such as placement of shares or issuance of convertible bonds or financing by shareholder's loans) from the shareholders and other potential investors. The Group continues to adopt conservative funding and treasury policies.

The Group has banking facilities in forms of mortgage loan and instalment loans. These banking facilities were secured by the Group's investment properties with aggregate net book value of HK$118 million. In addition, the Company and certain subsidiaries provided a bank of cross guarantees totalling HK$55 million in respect of these banking facilities to be used by the Company and these subsidiaries.

In addition to the banking facilities mentioned above, an indirectly-owned subsidiary of the Group, among the Entertainment Media Segment which was discontinued in end of December 2010, had obtained a banking facility amounted to HK$6 million from a bank in Hong Kong in October 2009 which consisted of a 5-year instalment loan. This facility was granted under the Special Loan Guarantee Scheme of The Government of the Hong Kong Special Administrative Region ("the Government") pursuant to which, the Government had provided 80% guarantee to the bank. A corporate guarantee was provided to the bank by an intermediate subsidiary of the Company which held the aforesaid indirectly-owned subsidiary. On 20 December 2010, the Company announced that it would not provide further financial assistance to the Entertainment Media Segment. As a result, operation of the aforesaid subsidiary has been discontinued since end of December 2010.

As at 31 December 2010, the Group had banking facilities totally amounted to approximately HK$55 million. All bank loans were at floating interest rates. All the borrowings were denominated in Hong Kong dollars. According to the Hong Kong Interpretation 5 issued by the Hong Kong Institute of Certified Public Accountant in November 2010, all bank loans even with the agreed scheduled repayments dates that longer than 12 months from the year-end date should be classified as "current liabilities" if there was a "repayment on demand clause" in the banking facilities. According to this interpretation, all bank loans of the Group were classified as "current liabilities" as at 31 December 2010 and the respective figures for last financial year were also reclassified under the same interpretation. For details, please refer to note 2(a) of Notes to the Final Results of this announcement. According to the agreed scheduled repayments dates, the maturity profile of the Group's bank borrowings as at 31 December 2010 was spread over a period of 13 years, with approximately 14% repayable within one year, 20% repayable between two to five years and 66% repayable over five years. The cash and bank balances as at 31 December 2010 was approximately HK$261 million.

The Group's current assets were approximately HK$270 million while the current liabilities were approximately HK$96 million as at 31 December 2010. As at 31 December 2010, the Group's current ratio was 2.8 (at 31 December 2009 (restated): 4.7).

As at 31 December 2010, the Group's gearing ratio, representing the Group's bank loans, non-bank loans (if any) and convertible bonds divided by the equity attributable to owners of the Company was 31% (at 31 December 2009: 30%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities were denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB"), Macau Pataca ("MOP"), United States dollars ("USD") and Japanese Yen ("JPY"). The exchange rates of MOP and USD against HKD remained relatively stable during the financial year under review. Certain expenses of the Group incurred in RMB or JPY which had fluctuated in a relatively greater extent in the financial year under review. However, the amount of RMB or JPY expenses incurred were immaterial, the appreciation of RMB and JPY against HKD did not have material adverse effect on the operation of the Group for the financial year under review.

At present the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations involving RMB and JPY. However, the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

CONTINGENT LIABILITIES

As at 31 December 2010, the Company did not have any outstanding litigation case. In end of July 2010, the Company had obtained the court's approval and order, in our favour, to strike out a dormant litigation case, which was commenced by a bank against a bankrupted third party and joint venture for outstanding balance of overdraft facilities and subsequently the defendants had served a third party notice to the Company.

Save as disclosed above, the Group did not have any material contingent liabilities.

EMPLOYEE OF THE GROUP

The Group has adopted a competitive remuneration package for its employees according to their performance. There are also contributions to provident fund schemes, medical subsidies and examination leaves offered to all full-time staff and tax protection scheme may be offered to executive directors.

As at 31 December 2010, the total headcount of the Group was 26.

PROSPECT

During the year of 2010, the Group had rationalised and closed down the unprofitable and/or dormant business operations. Through the persistent efforts of the Directors of the Company, the Group strives to improve the existing businesses and has established and developed new income streams in the Trading Segment. The Group re-allocates its internal resources effectively towards bolstering of the growing business segments and will continue to implement stringent cost control in the existing business segments. The Company believes that it is on the right track and shall be ready to get out of the dark haze of its history in order to confront with the new era enthusiastically.

Looking forward to the year of 2011, the Group will actively explore and identify various potential business opportunities and will diversify its businesses and investments which are beneficial to the valued shareholders and investors of the Company.

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

There has been no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2010.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. None of the Directors is aware of any information that would reasonably indicated that the Company or any of its Directors is not or was not in compliance with the Code for the year ended 31 December 2010 except for the following:

1. The Chairman of the Board of the Company is not subject to retirement by rotation pursuant to Bye-Law 87 (1) of the Company's Bye-Laws;

2. There is no separation of the role of the Chairman and the Chief Executive Officer ("CEO"). Mr. Zhou Jian is the Chairman of the Company and the Company does not have any officer with the title of CEO. The roles and functions of CEO are performed by all the executive directors collectively in view of the current size of the Group. The Board will periodically review such arrangement and may adopt appropriate measures in future during the further development of the Group's businesses; and

3. The independent non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and eligible for re-election at the annual general meeting pursuant to the Company's Bye-Laws and the Code. The service contracts of all the independent non-executive directors have a termination notice requirement of one month.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board had 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. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code for the year ended 31 December 2010.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting policies adopted by the Group and the financial statements of the Group for the year ended 31 December 2010.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.suninnovation.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and available at the same websites in due course.

By Order of the Board
Sun Innovation Holdings Limited
Zhou Jian
Chairman

Hong Kong, 9 March 2011

As at the date of this announcement, Mr. Zhou Jian and Mr. Fan Lei are the executive directors and Ms. Lau Cheong, Mr. Duan Xiongfei and Mr. Tam Tak Kei Raymond are the independent non-executive directors.