SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	4	**184,457**	139,390
Cost of sales and services		**(167,709)**	(125,497)
Gross profit		**16,748**	13,893
Other revenue and gains	5	**899**	735
Selling and distribution expenses		**(46)**	(61)
Administrative expenses and other net operating expenses		**(22,324)**	(21,422)
Finance costs	7	**(1,451)**	(1,720)
Losses on deregistration and dissolution of subsidiaries, net		**–**	(2,450)
Fair value gains on investment properties		**12,200**	14,400
Profit before taxation		**6,026**	3,375
Taxation	8	**(385)**	(222)
Profit for the year from continuing operations	6	**5,641**	3,153

CONSOLIDATED INCOME STATEMENT *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Discontinued operations			
Profit/(loss) for the year from discontinued operations	9	**577**	(1,419)
Profit for the year		**6,218**	1,734
Profit/(loss) attributable to:			
– Owners of the Company		**5,959**	1,936
– Non-controlling interest		**259**	(202)
		6,218	1,734
Earnings per share from continuing and discontinued operations:	10		
– Basic and diluted		**HK cent 0.061**	HK cent 0.020
Earnings per share from continuing operations:	10		
– Basic and diluted		**HK cent 0.057**	HK cent 0.033

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**6,218**	1,734
Other comprehensive income		
Currency translation differences	**30**	(381)
Reclassification adjustment of exchange fluctuation reserve upon deregistration and dissolution of subsidiaries	**–**	2,987
Other comprehensive income for the year, net of tax	**30**	2,606
Total comprehensive income for the year	**6,248**	4,340
Total comprehensive income attributable to:		
– Owners of the Company	**5,989**	4,542
– Non-controlling interest	**259**	(202)
	6,248	4,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**711**	1,065
Investment properties		**144,600**	132,400
		145,311	133,465
Current assets			
Trading merchandise goods		**12,361**	1,059
Trade receivables, other receivables and prepayments	11	**31,205**	34,649
Tax recoverable		**27**	–
Bank balances and cash		**238,873**	182,342
		282,466	218,050
Current liabilities			
Trade payables, other payables and accruals	12	**16,078**	13,323
Bank borrowings		**7,397**	4,854
Tax payable		**108**	330
		23,583	18,507
Net current assets		**258,883**	199,543
Total assets less current liabilities		**404,194**	333,008
Non-current liabilities			
Bank borrowings		**63,399**	–
Deferred tax liabilities		**999**	999
		64,398	999
Net assets		**339,796**	332,009
EQUITY			
Capital and Reserves			
Share capital		**98,327**	98,327
Reserves		**241,469**	235,480
Equity attributable to owners of the Company		**339,796**	333,807
Non-controlling interest		**–**	(1,798)
Total equity		**339,796**	332,009

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. The principal activities of the Company's principal subsidiaries are property investment and trading.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of revised HKFRSs – first effective on 1 January 2012

Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets

The adoption of this revised standard has no significant impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective and not early adopted

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

		Effective date
HKFRSs (Amendments)	Annual Improvement 2009-2011 Cycle	(ii)
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income	(i)
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities	(iii)
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities	(ii)
HKFRS 9	Financial Instruments	(iv)
HKFRS 10	Consolidated Financial Statements	(ii)
HKFRS 12	Disclosure of Interests in Other Entities	(ii)
HKFRS 13	Fair Value Measurement	(ii)
HKAS 27 (2011)	Separate Financial Statements	(ii)
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	(iii)

Effective date:

(i) Annual periods beginning on or after 1 July 2012
(ii) Annual periods beginning on or after 1 January 2013
(iii) Annual periods beginning on or after 1 January 2014
(iv) Annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle
The improvements made amendments to the following standards:

(i) *HKAS 1 Presentation of Financial Statements*

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS (defined below). This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 Property, Plant and Equipment*

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) *HKAS 34 Interim Financial Reporting*

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

HKFRS 9 – Financial Instruments

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, classification 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.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements 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 "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

4. REVENUE AND SEGMENT REPORTING

An analysis of the turnover, which represents the Group's revenue from its principal activities for the year, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations:		
Sales of goods	**179,041**	134,290
Rental income	**5,416**	5,100
	184,457	139,390

(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 and to assess the performance.

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 ended 31 December 2010 – *Note 9*)
- Telecommunication (maintenance and support services for cable use right between Japan and Hawaii) (discontinued during the year ended 31 December 2010 – *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 or loss that is used by the chief operating decision-makers for assessment of segment performance.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group's profit/(loss) before taxation except that other revenue and gains, allowance for doubtful debts on trade and other receivables, fair value gains on investment properties, gains/(losses) on deregistration, dissolution and deconsolidation of subsidiaries, net and finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Continuing operations						Discontinued operations							
	Property investment		Trading		Total		Entertainment media		Telecommunication		Total		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**5,416**	5,100	**179,041**	134,290	**184,457**	139,390	**–**	–	**–**	–	**–**	–	**184,457**	139,390
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**5,416**	5,100	**179,041**	134,290	**184,457**	139,390	**–**	–	**–**	–	**–**	–	**184,457**	139,390
Reportable segment profit/(loss)	**4,278**	4,053	**10,584**	8,698	**14,862**	12,751	**(641)**	(938)	**–**	(3)	**(641)**	(941)	**14,221**	11,810
Taxation	**–**	–	**385**	222	**385**	222	**–**	–	**–**	–	**–**	–	**385**	222
Reportable segment assets	**146,041**	134,152	**61,674**	45,341	**207,715**	179,493	**44**	743	**–**	–	**44**	743	**207,759**	180,236
Reportable segment liabilities	**1,415**	1,443	**13,206**	6,909	**14,621**	8,352	**5,800**	8,575	**–**	–	**5,800**	8,575	**20,421**	16,927

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

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation (include continuing and discontinued operations)		
Reportable segment profit	**14,221**	11,810
Segment loss from discontinued operations	**641**	941
Other revenue and gains	**899**	735
Unallocated corporate expenses	**(20,484)**	(20,242)
Allowance for doubtful debts on trade and other receivables	**–**	(99)
Fair value gains on investment properties	**12,200**	14,400
Losses on deregistration and dissolution of subsidiaries, net	**–**	(2,450)
Finance costs	**(1,451)**	(1,720)
Consolidated profit before taxation from continuing operations	**6,026**	3,375
Assets		
Reportable segment assets	**207,759**	180,236
Unallocated bank balances and cash	**217,519**	163,767
Unallocated corporate assets	**2,499**	7,512
Consolidated total assets	**427,777**	351,515
Liabilities		
Reportable segment liabilities	**20,421**	16,927
Tax payable	**108**	330
Deferred tax liabilities	**999**	999
Unallocated corporate liabilities	**66,453**	1,250
Consolidated total liabilities	**87,981**	19,506

(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**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**5,416**	19,123	**145,311**	133,465
Mainland China	**179,041**	120,267	**–**	–
	184,457	139,390	**145,311**	133,465

The revenue information from continuing operations above is based on the location of customers.

(d) **Major customers**

The Group's customer base is diversified and there were four (2011: four) customers with whom transactions have exceeded 10% of the Group's revenues.

During the current year, revenues from four customers in the trading segment amounted to approximately HK$66,522,000, HK$57,256,000, HK$28,641,000, and HK$26,622,000 respectively. During the year ended 31 December 2011, revenues from four customers in trading segment amounted to approximately HK$46,559,000, HK$45,216,000, HK$28,492,000 and HK$14,023,000 respectively.

5. OTHER REVENUE AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**899**	692
Others	**–**	43
	899	735

6. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
This is arrived at after charging/(crediting):		
Cost of inventories sold	**166,738**	124,624
Loss on disposal of property, plant and equipment	**–**	20
Exchange differences, net	**159**	(264)
Auditor's remuneration:		
– audit services	**724**	682
– non-audit services	**480**	–
Depreciation of property, plant and equipment	**359**	451
Operating lease rentals in respect of rented premises	**2,451**	2,144
Staff costs:		
– Directors' remuneration	**2,376**	2,157
– Other staff costs:		
Salaries, wages and other benefits	**6,964**	7,641
Retirement benefit scheme contributions	**239**	248
Total staff costs	**9,579**	10,046

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Imputed interest on convertible bonds	**–**	970
Interests on:		
Borrowings wholly repayable within five years	**475**	1,130
Borrowings not wholly repayable within five years	**1,451**	–
	1,926	2,100
Attributable to continuing operations reported in the consolidated income statement	**1,451**	1,720
Attributable to discontinued operations *(Note 9)*	**475**	380
	1,926	2,100

8. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Taxation charged in the consolidated income statement represents:		
Current taxation – Hong Kong profits tax		
– provision for the year	**450**	222
– overprovision in respect of prior years	**(65)**	–
	385	222

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

9. DISCONTINUED OPERATIONS

During the year ended 31 December 2010, the Group ceased its operations in entertainment media business and telecommunication 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 were set out in the Company's announcement dated 20 December 2010. As at 31 December 2010, the Discontinued Operations ceased operation and accordingly those segments were classified as discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The revenue and results of the Discontinued Operations were as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**–**	–
Administrative expenses and other net operating expenses	**(641)**	(940)
Finance costs *(Note 7)*	**(475)**	(380)
Gain on deconsolidation of a subsidiary	**1,693**	–
Allowance for doubtful debts on trade and other receivables	**–**	(99)
Profit/(loss) before taxation	**577**	(1,419)
Taxation	**–**	–
Profit/(loss) for the year from the Discontinued Operations	**577**	(1,419)

10. EARNINGS PER SHARE

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

From continuing and discontinued operations

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**5,959**	1,936

	Number of shares	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**9,832,685,768**	9,616,064,889

From continuing operations

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year for the purpose of basic earnings per share from continuing operations	**5,641**	3,153

Diluted earnings per share from continuing and discontinued operations

The denominators used are the same as those detailed above for calculating basic and diluted earnings per share from continuing and discontinued operations.

As convertible bonds outstanding during the prior year had an anti-dilutive effect on the basic earnings per share for the prior year, the conversion of the above potential dilutive shares was not assumed in the computation of diluted earnings per share. Except for the above, there is no other potential dilutive share during the current and prior years. Therefore the basic and diluted earnings per share for (i) continuing and discontinued operations and (ii) continuing operations in the current and prior years are equal.

From discontinued operations

Basic earnings per share for the discontinued operations is HK cent 0.004 (2011: loss per share of HK cent 0.013) per share, based on the profit for the year from the discontinued operations of HK$318,000 (2011: loss of HK$1,217,000) attributable to owners of the Company and the denominators detailed above for both basic and diluted earnings per share of the continuing and discontinued operations.

Diluted earnings/(loss) per share from discontinued operations

As convertible bonds outstanding during the prior year had an anti-dilutive effect on the basic loss per share in the prior year, the conversion of the above potential dilutive shares was not assumed in the computation of diluted loss per share of the discontinued operations. Except for the above, there is no other potential dilutive share during the current and prior years. Therefore the basic and diluted earnings/(loss) per share for the discontinued operations in the current and prior years are equal.

11. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables, net of allowance	**29,217**	27,701
Other receivables and prepayments, net of allowance	**1,988**	6,948
	31,205	34,649

(i) The directors consider that the carrying amounts of trade receivables, other receivables and prepayments approximate their fair values as at 31 December 2011 and 2012.

No interest is charged on trade and other receivables.

(ii) The Group normally allows an average credit period of 60 to 90 days (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
Current	**20,729**	3,910
1 to 30 days	**8,488**	2,184
31 to 60 days	**–**	3,399
61 to 90 days	**–**	4,087
Over 90 days	**–**	14,121
	29,217	27,701

As at 31 December 2012, the Group's trade receivables of HK$Nil (2011: HK$1,767,000) were individually determined to be impaired. As at 31 December 2011, the individually impaired receivables related to customers that were in financial difficulties or had prolonged delay in settlement, and management assessed that the full amount of the impaired receivables is expected to be irrecoverable. Consequently, an accumulated specific allowance for doubtful debts of HK$1,767,000 was made as at 31 December 2011. 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:

	2012	2011
	HK$'000	*HK$'000*
As at 1 January	**1,767**	3,751
Allowance for doubtful debts, net	**–**	15
Bad debts written off	**(1,767)**	(1,998)
Exchange fluctuation	**–**	(1)
As at 31 December	**–**	1,767

(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:

	2012	2011
	HK$'000	*HK$'000*
As at 1 January	**830**	1,101
Allowance for doubtful debts, net	**–**	84
Bad debts written off	**(830)**	(355)
As at 31 December	**–**	830

As at 31 December 2012, the Group's other receivables of HK$Nil (2011: HK$830,000) were individually determined to be impaired. As at 31 December 2011, the individually impaired receivables had prolonged delay in settlement, and management assessed that the full amount of the impaired receivables is expected to be irrecoverable. Consequently, an accumulated specific allowance for doubtful debts of HK$830,000 was made as at 31 December 2011. The Group does not hold any collateral over these balances.

(v) The ageing analysis of trade and other receivables which are past due but not impaired are as follows:

	2012	2011
	HK$'000	*HK$'000*
Less than 1 month past due	**8,488**	2,184
1 to 3 months past due	**–**	7,486
More than 3 months past due	**–**	14,121
As at 31 December	**8,488**	23,791

Receivables that were neither past due nor impaired relate to a wide range of debtors for whom there was no recent history of default.

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

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**12,535**	9,180
Other payables and accruals	**3,543**	4,143
	16,078	13,323

The directors consider that the carrying amounts of trade payables, other payables and accruals approximate their fair values as at 31 December 2011 and 2012.

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

	2012	2011
	HK$'000	*HK$'000*
1 to 30 days	**12,521**	4,771
31 to 60 days	**–**	1,896
61 to 90 days	**–**	93
Over 90 days	**14**	2,420
	12,535	9,180

13. COMPARATIVE FIGURES

Certain comparatives have been reclassified to confirm with the current year presentation.

DIVIDEND

The Board of Directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: HK$Nil).

BUSINESS REVIEW AND OUTLOOK

FINANCIAL REVIEW

During the year 2012, as the Company and its subsidiaries (collectively known as the "Group") endeavoured to maintain the upward inclination of the financial performance of the Group, it achieved a turnover from continuing operations of HK$184,457,000 (2011: HK$139,390,000) for the year ended 31 December 2012, showing an increase of 32% compared to that of last year. Profit from continuing operations for the year ended 31 December 2012 recorded approximately HK$5,641,000 (2011: HK$3,153,000). The persistent development of the Trading Segment coupled with the fair value gains on investment properties have continued to strengthen the financial performance of the Group for the year ended 31 December 2012.

Property Investment Segment

The Group owns two shops at the ground floor and 10 car parks in the Citicorp Centre. All shops and majority of car parks were leased out as at 31 December 2012. For the year ended 31 December 2012, the Segment reported a turnover and profit of approximately HK$5,416,000 (2011: HK$5,100,000) and HK$4,278,000 (2011: HK$4,053,000) respectively both with a mild increase of 6% compared to the prior year. The turnover accounted for 3% of the Group's overall turnover during the year under review. Driven by the stable rental income, the turnover and profit of this Segment have grown steadily and contributed as a stable income stream for the Group. The Group would review the existing investment properties portfolio constantly and continue to explore potential profitable investments in Hong Kong and/or the PRC.

Trading Segment

During the year under review, the Group remained focused on enhancing the business of the Trading Segment. The Segment recorded a turnover of approximately HK$179,041,000 (2011: HK$134,290,000) for the year ended 31 December 2012, reflecting an uplift of 33% over last year and a significant contribution of 97% of the turnover of the Group. The profit of the Trading Segment also rose by 22% to HK$10,584,000 (2011: HK$8,698,000).

This Segment was engaged in the trading of metal scraps (e.g. copper wire) and plastic scraps among Hong Kong, Mainland China and other countries/regions. Despite the slowing economic activities worldwide, the global copper market sustained a fairly positive trend for the year of 2012. The Trading Segment managed to bolster its performance under these circumstances. The Group would make relentless effort to boost the business and optimize the efficiency and product varieties of the Trading Segment so as to lay a solid foundation for the future growth of the Group.

CAPITAL

As at 31 December 2012, the total number of issued shares of the Company was 9,832,685,768 shares. There were no other securities in issue.

TERMINATION OF POSSIBLE ACQUISITIONS

In the year of 2011, the Company had executed the Framework Agreement with Guangxi Non-ferrous Metals Group Company Limited and Guangxi Sincerity Investments & Trading Company Limited, the vendors, in respect of the possible acquisitions of certain companies which hold mines in South Africa and Cambodia and the parties might enter into a legally binding sale and purchase agreement subject to the satisfaction of due diligence. However, on 29 May 2012, the Company announced that since the preparation work had taken longer time than the originally expected timeframe and the aforesaid vendors require additional time for collating materials for feasibility studies and for the preparation of technical reports, all parties agreed to terminate the discussions in respect of the possible acquisitions. Details of the termination of the possible acquisitions were disclosed in the announcement of the Company dated 29 May 2012.

Subsequently, the Company had identified another project in Shanghai, the PRC and on 13 July 2012 the Company announced that Ever Union Medical Services Group Limited ("Ever Union"), an indirect wholly-owned subsidiary of the Company, had executed a conditional sale and purchase agreement (the "Agreement") with Shenzhen Xinhe Technology Development Company Limited ("Shenzhen Xinhe") and Beijing Jingbaiqi Asset Management Company Limited ("Beijing Jingbaiqi") (collectively the "Vendors") and their guarantors pursuant to which Ever Union agreed to purchase and the Vendors agreed to sell the entire registered capital of Shenzhen Tuohe Investment Development Company Limited ("Shenzhen Tuohe") subject to certain conditions (the "Proposed Acquisition"). Shenzhen Tuohe holds 70% equity interests in Shanghai Kaiyuan Hospital Investment Management Limited ("Kaiyuan Management") which owns the entire equity interests in Shanghai Kaiyuan Orthopaedic Hospital Limited ("Kaiyuan Hospital"). Kaiyuan Hospital is principally engaged in the operation of an orthopaedic hospital in Pudong New Area of Shanghai, the PRC which has commenced operation since 2008, with a focus and specialty on the orthopaedic operation and relevant recovery services.

The total consideration of the Proposed Acquisition shall be RMB77,000,000 and shall be paid to the Vendors (of which RMB69,300,000 shall be paid to Shenzhen Xinhe and RMB7,700,000 shall be paid to Beijing Jingbaiqi) in cash at completion. Completion of the Proposed Acquisition shall be conditional upon, inter alia, all necessary consents and approvals required to be obtained and the approval by the shareholders of the Company at a special general meeting. Upon completion, the outstanding loans repayable by Shenzhen Tuohe to Shenzhen Xinhe and to Beijing Jingbaiqi will be in the amounts of RMB120,605,100 and RMB13,000,000 respectively. Ever Union has undertaken to the Vendors that, within the 12 months after completion, Ever Union will advance RMB133,605,100, by way of shareholder's loan, to Shenzhen Tuohe, which shall be used for its repayment to the Vendors of the then outstanding loans.

Pursuant to the Agreement, the Vendors have undertaken that they will procure Shenzhen Tuohe to negotiate with Kaiyuan Management and a shareholder holding 10% equity interests in Kaiyuan Management, Jiangsu Huilong Enterprise Limited ("Jiangsu Huilong") to enter into a supplemental agreement (the "KM Supplemental Agreement") to vary certain terms of a management agreement, such that a purchase obligation therein contained will be terminated and substituted by an option to be granted by Jiangsu Huilong to Shenzhen Tuohe. However, on 10 August 2012, Ever Union, the Vendors and their guarantors entered into a supplemental agreement (the "Supplemental Agreement") to amend the Agreement (collectively the "Amended Agreement") to the effect that: (i) the Vendors shall undertake to procure Shenzhen Tuohe to enter into the KM Supplemental Agreement (in a form and substance satisfactory to Ever Union) with Kaiyuan Management and Jiangsu Huilong on or before 31 August 2012 to terminate the purchase obligation; and (ii) the Vendors' obligation to procure Jiangsu Huilong to grant the option to Shenzhen Tuohe was removed from the Agreement.

On 26 October 2012, the Company announced that, taking into account that the conditions precedent as stipulated under the Amended Agreement may not be able to be fulfilled, the parties to the Amended Agreement have further negotiated to amend certain terms of the Amended Agreement. However, after negotiation over a period of time, the parties have yet to agree on the terms of the Amended Agreement to be amended. In light of the above, all parties mutually agreed to enter into the deed of termination (the "Deed of Termination") to terminate the Amended Agreement. Details of the Proposed Acquisition, the Supplemental Agreement and the Deed of Termination were disclosed in the Company's announcements dated 13 July, 10 August and 26 October 2012 respectively.

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.

During the financial year under review, the Group had new banking facilities in form of instalment loans in principal amount of HK$67,500,000. These banking facilities were secured by the Group's investment properties with aggregate net book value of HK$144,600,000 as at 31 December 2012.

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$6,000,000 from a bank in Hong Kong in 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 Entertainment Media Segment. As a result, operation of the aforesaid subsidiary had been discontinued since end of December 2010.

The cash and bank balances as at 31 December 2012 was approximately HK$239,000,000. As at 31 December 2012, the Group's banking facilities were in amount of approximately HK$71,000,000. These bank loans were at floating interest rate and 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, a bank loan even with the agreed scheduled repayments dates that are longer than 12 months from the year-end date should be classified as "current liability" if there was a "repayment on demand clause" in the banking facility. According to this interpretation, one of the bank loans of the Group was classified as "current liability" as at 31 December 2012. The respective figure of this bank loan for last financial year was already classified according to this interpretation. For financial year under review, other loans of the Group, they were classified as current liability and non-current liability according to the agreed scheduled repayments dates. According to the agreed scheduled repayments dates, the maturity profile of the Group's bank borrowings (except the one that fully classified as current liability) as at 31 December 2012 was spread over a period of 20 years, with approximately 10% repayable within one year, 16% repayable between two to five years and 74% repayable over five years.

The Group's current assets were approximately HK$282,000,000 while the current liabilities were approximately HK$24,000,000 as at 31 December 2012. As at 31 December 2012, the Group's current ratio was 11.8 (at 31 December 2011: 11.5).

As at 31 December 2012, the Group's gearing ratio, representing the Group's bank loans, non-bank loans and convertible bonds (if any) divided by the equity attributable to owners of the Company was 21% (at 31 December 2011: 1%).

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") and United States dollars ("USD"). The exchange rates of USD against HKD remained relatively stable during the financial year under review. Certain expenses of the Group incurred in RMB which had fluctuated in a relatively greater extent in the financial year under review. However, the amount of RMB expenses incurred were immaterial, the appreciation of RMB against HKD did not have material adverse effect on the operations 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. 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 2012, 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 2012, the total headcount of the Group was 23.

PROSPECT

Political tensions affected the global economy heavily in the year of 2012 and resulted in a decrease of global real GDP growth when compared to last year. Economists opined that the economic recovery rates in 2012 were disappointing after the financial crisis in 2008. Factionalism in various countries, the continuing European debt crisis, potential fiscal cliff in the United States of America, economic slow-down in various emerging countries, including China, the world's second-largest economy, difficult trading conditions in both advanced and emerging markets and the commodity prices fluctuation among the year were the crucial factors. It is expected that the global economic growth may be slow at the beginning but may accelerate later during the year of 2013 and China shall maintain its leading growth rate and may show signs of revival from the slow-down growth prospect of last year.

During the year of 2012, the Property Investment Segment performed satisfactorily with a stable income stream generated by the leasing properties in Hong Kong. The Trading Segment had made a bracing achievement during the first half year of 2012. Due to the strong commodity prices in the middle of the year 2012, the customers' demand and the turnover were slightly affected. However, the trading businesses still had a satisfactory uplift. In November 2012, the Group had executed a memorandum of understanding in relation to its intention to acquire the whole or part of the equity interests in a company which, through its subsidiaries, is principally engaged in the operation of visual effects studios in the United States of America. Detail of the aforesaid memorandum of understanding was disclosed in the Company's announcement dated 19 November 2012.

Continuing with the spirit of perseverance while facing the contemporary challenges in the year of 2013, the Group shall strive to explore more potential opportunities for the benefit of our valued shareholders and investors.

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 2012.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices (the "Former CG Code") which was subsequently revised as the Corporate Governance Code (the "Revised CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and came into full effect on 1 April 2012.

During the financial year of 2012, the Company has complied with most of the Code Provisions of the Former CG Code for the period from 1 January 2012 to 31 March 2012 and of the Revised CG Code for the period from 1 April 2012 to 31 December 2012, save 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") or chief executive. Mr. Zhou Jian is the Chairman of the Company and the Company does not have any chief executive or any officer with the title of CEO. The roles and functions of CEO or chief executive 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, the Former CG Code and the Revised CG 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 2012.

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 2012.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited 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, 30 January 2013

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.