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SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
Turnover	4	17,776	39,051
Cost of sales and services		(6,854)	(53,918)
Gross profit/(loss)		10,922	(14,867)
Other income and net gains or losses	5	1,229	11,794
Selling and distribution expenses		(245)	(8,109)
Administrative expenses and other net operating expenses		(52,240)	(67,247)
Finance costs	6	(12,300)	(4,742)
Loss on disposal of subsidiaries, net		(8,634)	–
Fair value losses on investment properties (Allowance)/write-back of allowance for doubtful debts		–	(24,986)
		(1,532)	391
Loss before taxation		(62,800)	(107,766)
Taxation	7	(228)	557
Loss for the year	8	(63,028)	(107,209)

CONSOLIDATED INCOME STATEMENT *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Notes</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(62,263)	(107,117)
Minority interests		(765)	(92)
		<u>(63,028)</u>	<u>(107,209)</u>
Loss per share:	9		
– Basic and diluted		<u>HK\$(0.023)</u>	<u>HK\$(0.073)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(63,028)	(107,209)
Other comprehensive income		
Currency translation differences	<u>615</u>	<u>1,370</u>
Other comprehensive income for the year, net of tax	<u>615</u>	<u>1,370</u>
Total comprehensive loss for the year	<u>(62,413)</u>	<u>(105,839)</u>
Attributable to:		
Owners of the Company	(61,648)	(105,747)
Minority interests	<u>(765)</u>	<u>(92)</u>
	<u>(62,413)</u>	<u>(105,839)</u>

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,993	3,609
Investment properties		116,000	140,820
Intangible assets		–	392
		<u>117,993</u>	<u>144,821</u>
Current assets			
Trading merchandise goods		–	69
Trade receivables, other receivables and prepayments	10	6,065	19,182
Bank balances and cash		296,418	9,000
		<u>302,483</u>	<u>28,251</u>
Current liabilities			
Trade payables, other payables and accruals	11	5,916	30,763
Bank and other borrowings		3,380	48,763
Tax payable		108	521
		<u>9,404</u>	<u>80,047</u>
Net current assets/(liabilities)		<u>293,079</u>	<u>(51,796)</u>
Total assets less current liabilities		<u>411,072</u>	<u>93,025</u>
Non-current liabilities			
Bank and other borrowings		54,781	34,980
Convertible bonds		35,596	5,664
Deferred tax liabilities		4,367	5,369
		<u>94,744</u>	<u>46,013</u>
Net assets		<u><u>316,328</u></u>	<u><u>47,012</u></u>
EQUITY			
Share capital		87,577	147,004
Reserves		227,565	(101,943)
Equity attributable to owners of the Company		315,142	45,061
Minority interests		1,186	1,951
Total equity		<u><u>316,328</u></u>	<u><u>47,012</u></u>

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 1717-1719, 17th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of property investment, entertainment media, media shopping, telecommunication and leisure and entertainment events.

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

- (a) The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 related to the amendment paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 & HKAS 39 (Amendments)	Embedded Derivatives

The adoption of the above new/revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised) and other changes as set out below. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The balance sheets at the beginning of the financial year ended 31 December 2008 have not been presented as there were no changes to the originally published statements.

2. Adoption of Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

HKFRS 8 supersedes HKAS 14 “Segment Reporting”, and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8.

The amendments to HKFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

(b) Potential impact arising on HKFRSs not yet effective

The following new or 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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs	(i)
HKFRSs (Amendments)	Improvements to HKFRSs 2009	(ii)
Amendments to HKAS 39	Eligible Hedged Items	(i)
Amendments to HKFRS 2	Share-based Payment-Group Cash-settled Share-based Payment Transactions	(iii)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	(i)
HKFRS 3 (Revised)	Business Combinations	(i)
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners	(i)
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	(iv)
HKAS 24 (Revised)	Related Party Disclosures	(v)
HKFRS 9	Financial Instruments	(vi)

Effective date:

- (i) Annual periods beginning on or after 1 July 2009
- (ii) Annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- (iii) Annual periods beginning on or after 1 January 2010
- (iv) Annual periods beginning on or after 1 July 2010
- (v) Annual periods beginning on or after 1 January 2011
- (vi) Annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. Changes in the Group’s ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

4. Turnover and segment information

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

	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
Sale of goods	56	2,413
Rendering of services	11,752	30,573
Rental income	5,968	6,065
	<hr/>	<hr/>
	17,776	39,051
	<hr/> <hr/>	<hr/> <hr/>

(a) *Reportable segments*

- (i) property investment;
- (ii) entertainment media;
- (iii) media shopping;
- (iv) telecommunication and
- (v) leisure and entertainment events.

4. Turnover and segment information (continued)

(a) Reportable segments (continued)

	Property investment		Entertainment media		Media shopping		Telecom-munication		Leisure and entertainment events		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	5,968	6,065	9,567	16,715	56	2,413	1,800	1,971	385	11,887	17,776	39,051
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Reportable segment revenue	<u>5,968</u>	<u>6,065</u>	<u>9,567</u>	<u>16,715</u>	<u>56</u>	<u>2,413</u>	<u>1,800</u>	<u>1,971</u>	<u>385</u>	<u>11,887</u>	<u>17,776</u>	<u>39,051</u>
Reportable segment profit/(loss)	<u>4,226</u>	<u>4,269</u>	<u>(3,213)</u>	<u>(657)</u>	<u>(2,379)</u>	<u>(1,882)</u>	<u>(24)</u>	<u>10</u>	<u>(3,534)</u>	<u>(45,315)</u>	<u>(4,924)</u>	<u>(43,575)</u>
Depreciation and amortisation	8	11	374	351	228	373	393	396	65	41	1,068	1,172
Unallocated depreciation											752	1,120
Total depreciation and amortisation											<u>1,820</u>	<u>2,292</u>
Fair value losses on investment properties	-	24,986	-	-	-	-	-	-	-	-	-	24,986
Taxation	119	110	-	-	-	-	-	-	-	-	119	110
Unallocated											(347)	447
Total taxation											<u>(228)</u>	<u>557</u>
Allowance/(write-back of allowance) for doubtful debts	794	2	-	(419)	247	26	491	-	-	-	1,532	(391)
Reportable segment assets	117,116	141,480	9,823	8,235	346	1,528	5	811	512	1,245	127,802	153,299
Additions to non-current assets	-	-	189	618	-	211	-	-	-	-	189	829
Unallocated											808	393
Total additions to non-current assets											<u>997</u>	<u>1,222</u>
Reportable segment liabilities	9,142	9,813	8,041	2,776	585	1,162	152	-	598	22,413	18,518	36,164

4. Turnover and segment information (continued)

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Reportable segment revenue and consolidated revenue	<u>17,776</u>	<u>39,051</u>
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss before taxation		
Reportable segment loss	(4,924)	(43,575)
Other income and net gains or losses	1,229	11,794
Unallocated corporate expenses	(36,639)	(46,648)
(Allowance)/write-back of allowance for doubtful debts	(1,532)	391
Fair value losses on investment properties	–	(24,986)
Loss on disposal of subsidiaries, net	(8,634)	–
Finance costs	(12,300)	(4,742)
Consolidated loss before taxation	<u>(62,800)</u>	<u>(107,766)</u>
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Assets		
Reportable segment assets	127,802	153,299
Unallocated corporate assets	<u>292,674</u>	<u>19,773</u>
Consolidated total assets	<u>420,476</u>	<u>173,072</u>

4. Turnover and segment information (continued)

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	18,518	36,164
Current tax liabilities	108	521
Deferred tax liabilities	4,367	5,369
Unallocated corporate liabilities	81,155	84,006
	<hr/>	<hr/>
Consolidated total liabilities	104,148	126,060
	<hr/> <hr/>	<hr/> <hr/>

(c) *Geographic information*

During the year, the Group's operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") are located in Hong Kong, Macau, other regions in the People's Republic of China ("Mainland China") and the United States of America ("USA").

Segment information of the Group by geographical locations by customers is presented as below:

	Revenue from		Specified	
	external customers		non-current assets	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	15,324	21,446	117,699	118,032
Mainland China	652	3,747	–	25,582
USA	1,800	1,971	76	924
Macau	–	11,887	218	283
	<hr/>	<hr/>	<hr/>	<hr/>
	17,776	39,051	117,993	144,821
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(d) *Major customers*

The Group's customer base is diversified and there were four customers with whom transactions have exceeded 10% of the Group's revenues. Revenues from a customer in the property investment segment amounted to approximately HK\$2,170,000 (2008: HK\$2,145,000); revenues from a customer in the telecommunication segment amounted to approximately HK\$1,800,000 (2008: HK\$1,971,000) and revenues from two customers in the entertainment media segment amounted to approximately HK\$3,888,000 (2008: HK\$4,879,000) and HK\$1,987,000 (2008: HK\$4,714,000), respectively.

5. Other income and net gains or losses

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest income	22	38
Management service income	382	790
Write-back of trade payables [#]	–	8,232
Net realised gains on trading securities	2,477	–
Fair value (loss)/gain on derivative component of convertible bond	(2,029)	2,623
Others	377	111
	<u>1,229</u>	<u>11,794</u>

[#] In the prior year, the Group entered into an arrangement with the customers and a supplier regarding sales and purchases in 2007 such that the goods sold by the Group to the customers were returned to the supplier and the corresponding sales and purchases were cancelled. As at 31 December 2007, there was a full allowance for doubtful debts on the related gross trade receivables of HK\$8,624,000. Pursuant to the above arrangement, the Group wrote off the gross trade receivables against the allowance for doubtful debts and the related trade payables of HK\$8,232,000 was written back in the prior year accordingly.

6. Finance costs

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Imputed interest on convertible bonds	6,254	2,879
Interests on:		
Borrowings wholly repayable within five years	5,142	1,064
Borrowings not wholly repayable within five years	904	799
	<u>12,300</u>	<u>4,742</u>

7. Taxation

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Taxation in the consolidated income statement represents:		
Current tax – Hong Kong profits tax for the year	108	–
Current taxation – overseas		
– tax for the year	120	182
– overprovision in respect of prior years	–	(196)
Deferred taxation		
– attributable to the origination and reversal of temporary differences	–	(543)
	<u>228</u>	<u>(557)</u>

7. Taxation (continued)

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits of the year. No provision for Hong Kong profits tax had been made for the prior year as the Group has no assessable profit arising in Hong Kong for the year ended 31 December 2008.

Taxation for overseas subsidiaries has been calculated on the estimated assessable profits for the years ended 31 December 2008 and 2009 at the appropriate current rates of taxation ruling in the countries in which the Company's subsidiaries operate.

8. Loss for the year

	2009	2008
	HK\$'000	HK\$'000
This is arrived at after charging:		
Cost of sales and services (<i>Note</i>)	6,854	53,918
Loss on disposal of property, plant and equipment	913	6
Exchange difference, net	350	232
Auditors' remuneration	700	800
Amortisation of intangible assets (<i>Note</i>)	392	394
Depreciation of property, plant and equipment	1,428	1,898
Operating lease rentals in respect of rented premises	4,109	4,780
Provision for obsolete trading merchandise goods (<i>Note</i>)	–	243
Staff costs:		
– Directors' remuneration	3,304	4,497
– Other staff costs:		
Salaries, wages and other benefits	18,468	27,139
Retirement benefit scheme contributions	488	589
Total staff costs	22,260	32,225

Note: Cost of sales and services include HK\$392,000 (2008: HK\$394,000) and HK\$Nil (2008: HK\$243,000) relating to amortisation expenses of intangible assets and provision for obsolete trading merchandise goods respectively, which amounts are also included in the respective total amounts disclosed separately above. In the prior year, the cost of services also included an annual fee of US\$2,150,000 (equivalent to approximately HK\$16,693,000) for the right to host, produce and commercially exploit the Miss International Pageant ("MI Pageant") for a term of 1 year ended 31 December 2008, and at the discretion of the Group to be renewed for up to four additional consecutive years until (and including) 31 December 2012. During the year, the Group determined not to renew the right for hosting MI Pageant event for the current year.

9. 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:

	Year ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(62,263)</u>	<u>(107,117)</u>
	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,651,374,839</u>	<u>1,470,040,740</u>

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 respective years are equal.

10. Trade receivables, other receivables and prepayments

	2009	2008
	HK\$'000	HK\$'000
Trade receivables, net of allowance	2,336	5,979
Other receivables and prepayments	<u>3,729</u>	<u>13,203</u>
	<u>6,065</u>	<u>19,182</u>

- (i) The directors consider that the carrying amounts of trade receivables, other receivables and prepayments approximate their fair values as at 31 December 2008 and 2009.

No interest is charged on trade and other receivables.

10. Trade receivables, other receivables and prepayments (continued)

- (ii) The Group normally allows an average credit period of 60 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 was as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current	733	1,948
31 to 60 days	463	1,195
61 to 90 days	347	853
Over 90 days	793	1,983
	<hr/> 2,336 <hr/>	<hr/> 5,979 <hr/>

At 31 December 2009, the Group's trade receivables of HK\$2,034,000 (2008: HK\$512,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that full amount of the impaired receivables is expected to be irrecoverable. Consequently, a specific allowance for doubtful debts of HK\$2,034,000 (2008: HK\$512,000) 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 during the year, including both specific and collective loss components, are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
At 1 January	512	9,480
Allowance/(write-back of allowance) for doubtful debts	1,532	(391)
Write-off of irrecoverable trade receivables	–	(8,624)
Exchange fluctuation	(10)	47
	<hr/> 2,034 <hr/>	<hr/> 512 <hr/>

- (iv) As at 31 December 2008 and 2009, the Group's trade receivables that are neither individually nor collectively considered to be impaired were not past due.

11. Trade payables, other payables and accruals

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables	980	20,695
Other payables and accruals	4,936	10,068
	<hr/>	<hr/>
	5,916	30,763
	<hr/> <hr/>	<hr/> <hr/>

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 2008 and 2009.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current	142	359
31 to 60 days	204	19,047
61 to 90 days	74	493
Over 90 days	560	796
	<hr/>	<hr/>
	980	20,695
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

The Board of Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: HK\$Nil).

BUSINESS REVIEW AND OUTLOOK

FINANCIAL REVIEW

For the year ended 31 December 2009, the turnover of the Group was approximately HK\$17,776,000 (2008: HK\$39,051,000), representing a decrease of 54% compared to that of last year. The decrease of turnover was due to the disposal of the leasing properties in Suzhou, the People's Republic of China (the "PRC"), the halt of Miss Macau and Miss International pageant events and the severe competition in entertainment media industry in the year 2009. Loss of the Group for the year was approximately HK\$63,028,000 (2008: HK\$107,209,000), representing a substantial decrease of 41% compared to that of last year. Moreover, the loss from operations of the Group, excluding net loss on disposal of subsidiaries, fair value losses on investment properties and derivative component of convertible bonds, for the year ended 31 December 2009 was reduced to approximately HK\$52,365,000 (2008: HK\$84,846,000) by 38% decrease of last year which was due to the substantial decrease in the loss of the Leisure and Entertainment Events Segment and administrative expenses.

Property Investment Segment

Though the Hong Kong properties generated stable income for the Property Investment Segment, the turnover of this Segment decreased to HK\$5,968,000 (2008: HK\$6,065,000) which was caused by disposal of the leasing properties (20 service apartments) in Suzhou, PRC in May 2009. However, it still represented 34% of the Group's overall turnover during the year under review. The profit of this Segment was approximately HK\$4,226,000 (2008: HK\$4,269,000).

The Group had disposed of the properties in Suzhou by selling the entire issued share capital in an indirect wholly-owned subsidiary, namely "Million Year Consultants Limited" in May 2009. Details of the disposal were announced in the Company's announcement dated 22 May 2009. After this disposal, the Group only had investment properties located at Citicorp Centre in Hong Kong. Majority of the shops and car parks at Citicorp Centre were leased out in 2009. The Group would constantly review the existing investment properties portfolio and keep on exploring potential profitable investments in Hong Kong, PRC and/or Asia Pacific region.

Entertainment Media Segment

In the past few years, the media and mobile technology developed expeditiously and became more advanced. These also stimulated the rapid development of entertainment and content services or solutions to the mobile and internet industries. In this fast-moving industry, the severe competition and increase of hardware and software enhancement or associated costs affected the business of the Entertainment Media Segment of the Company. The turnover of the Entertainment Media Segment was approximately HK\$9,567,000 (2008: HK\$16,715,000) and the loss of this Segment amounted to HK\$3,213,000 (2008: HK\$657,000).

This Segment engaged in mobile entertainment business and consisted of certain subsidiaries, including Cellcast (Asia) Limited and Enhanced Life Services Limited. Under the brands of “Yeah Mobile” and “Ping Pong Boy”, this Segment continued its operation in the multi-media advertising, contents and services industries. The existing diversified services provided more customer-oriented components and features for different customers in Hong Kong, Macau and overseas. The clients and suppliers are famous telecommunication companies and music entertainment companies in Hong Kong and Macau.

Leisure and Entertainment Events Segment

During the year of 2009, although this Segment did not hold any pageant event, it had organised an event in Hong Kong for a Hong Kong subsidiary of Zoomlion group from the PRC. The turnover of this Segment for the year ended 31 December 2009 decreased to HK\$385,000 (2008: HK\$11,887,000) while the loss of this Segment for the year ended 31 December 2009 also reduced to HK\$3,534,000 (2008: HK\$45,315,000), representing 92% decrease when compared to the year of 2008.

Further to the settlement among S.I. Macau Entertainment Company Limited (“SIME”), a wholly-owned subsidiary of the Company, ING Co., Ltd. and Asia and Pacific Media Limited in July 2009 regarding the reduced licence fee for the “Miss International Pageant 2008”, the Group had paid a final payment of US\$1,385,480 as full and final settlement. Details of aforesaid settlement issue were announced in the announcement of the Company dated 17 April 2009 and the interim report of the Company for the period ended 30 June 2009. This Segment would continue to implement stringent cost control with its streamlined structure as well as to explore more opportunities in entertainment and marketing events industries.

Media Shopping Segment

During the year under review, this Segment had scaled down the existing operation and became inactive in Guangzhou, the PRC. The turnover of this Segment for the year ended 31 December 2009 was only approximately HK\$56,000 (2008: HK\$2,413,000) while the loss of this Segment was approximately HK\$2,379,000 (2008: HK\$1,882,000). The decrease of the turnover was caused by continuous severe competition in media marketing and shopping industries, high airtime costs paid to the PRC media channels and unsatisfactory performance due to limited operating scale in Guangzhou.

Media Shopping Segment *(continued)*

The Group had streamlined the structure of this Segment and implemented stringent cost control over its minimum daily operation in Guangzhou. The Group would continue to explore other profitable opportunities in the PRC media shopping industry in other provinces.

Telecommunication Segment

The turnover and loss of this Segment for the year ended 31 December 2009 were approximately HK\$1,800,000 (2008: HK\$1,971,000) and approximately HK\$24,000 (2008: a profit of HK\$10,000) respectively. This Segment held a cable use right for a cable connected between Japan and Hawaii and could provide maintenance and support services to its bilateral correspondent or any customers in Japan.

CAPITAL

In March 2009, the Company had proposed and announced an open offer and a capital reorganisation, regarding a share consolidation, capital reduction and share subdivision, for which shareholders' approvals were not obtained in a special general meeting of the Company held on 18 May 2009. Details of the unsuccessful open offer and capital reorganisation were announced in the Company's announcements dated 24 March and 18 May 2009 respectively.

In May 2009, the Company was notified that there was change in the substantial shareholder of the Company and the change was completed on 8 June 2009. After that, Wise Sun Holdings Limited ("Wise Sun") became a new substantial shareholder of the Company holding 560,395,180 shares of the Company, representing 38.12% of the issued share capital of the Company on 8 June 2009. After the change, the Company received a notification from Optima Capital Limited, who acted on behalf of Wise Sun, regarding the mandatory conditional general offers to the securities holders of the Company for all the issued shares and convertible securities in, and cancellation of all outstanding options of, the Company. The general offers were conditional upon valid acceptances of the shares tendered by the disinterested shareholders and received by Wise Sun which would result in Wise Sun holding more than 50% of the voting rights of the Company. The general offers had not become unconditional and had lapsed on 10 August 2009. Details of the general offers and their lapses were announced in the joint announcements dated 17 June and 10 August 2009 respectively and the composite offer and response document of the Company and Wise Sun dated 20 July 2009.

The warrants of the Company issued in a placement in August 2007 and in an open offer in November 2007 had lapsed in early February and end of May 2009 respectively. However, there was one warrant holder who exercised his right attaching to the warrant before the expiry date in May 2009 and therefore, 73,600 shares of the Company were issued and allotted in June 2009.

CAPITAL *(continued)*

On 17 June 2009, the Company entered into a placing agreement with a placing agent regarding a “best-efforts” placing of convertible bonds in the principal amount of up to HK\$200 million and it also entered into a subscription agreement with Wise Sun for subscription of convertible bonds in the principal amount of up to HK\$120 million by Wise Sun (collectively known as “New CBs”). In addition, the Company also proposed a new capital reorganisation (“Capital Reorganisation”) including, inter alia, reduction of nominal value of each share of the Company from HK\$0.10 to HK\$0.01 and transfer of the credit arising from the capital reduction to the contributed surplus account of the Company. The New CBs and Capital Reorganisation have been approved by the shareholders in the special general meeting held on 26 August 2009. Details of the New CBs, Capital Reorganisation and the approval by the independent shareholders of the Company were disclosed in the Company’s aforesaid joint announcement dated 17 June 2009 and the Company’s circular and announcement dated 20 July 2009 and 26 August 2009 respectively.

On 25 June 2009, the Company entered into a placing agreement with a placing agent for a “best-efforts” placing of 294,000,000 shares of the Company, representing approximately 20% of the issued share capital of the Company before dilution of this placement, under the general mandate granted to the directors of the Company at the exercise price of HK\$0.1441 each. The placing was completed on 8 July 2009. Details of the placing were disclosed in a joint announcement of the Company and Wise Sun dated 25 June 2009 and also in the Company’s announcement dated 8 July 2009 respectively.

In August 2009, a holder of a convertible bond of the Company in the principle amount of HK\$7.2 million had exercised its rights and converted the whole amount of the aforesaid convertible bond in to 68,571,428 shares of the Company. Details of the conversion were announced in the next day disclosure return of the Company dated 26 August 2009.

In September 2009, the Company had issued New CBs in the principle amount of HK\$120 million to Wise Sun and HK\$200 million to various subscribers respectively. Details of the completion of the New CBs were announced in the Company’s announcements dated 4 and 18 September 2009 respectively.

Subsequently, Wise Sun and certain holders of the New CBs exercised their rights attaching to the New CBs and converted the New CBs in the principle amount of HK\$85 million and HK\$192 million in October and November 2009 respectively. The Company had issued 2,125,000,000 shares and 4,800,000,000 shares in October and November 2009 respectively. Details of the conversions were announced in the next day disclosure returns of the Company dated 2 October and 23 November 2009 respectively. As a result, after the aforesaid conversion of New CBs, the shares held by Wise Sun in the Company increased to 2,610,395,180 shares, representing 29.81% of the issued share capital of the Company as at 31 December 2009 and also as at the date of this announcement.

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.

In January 2009, the Group fulfilled the obligation by repayment of HK\$10 million to a bank according to terms and conditions stated in one of the Hong Kong banking facilities.

In June 2009, the Group refinanced all non-bank loans, which the principal and related accrued interests amounted to approximately HK\$43.6 million, by drawing down a facility provided by the Wise Sun, a substantial shareholder of the Company ("Facility"). The maximum amount of the Facility is HK\$60 million and it was expired in late September 2009. The Group has repaid this loan (approximately HK\$44.1 million) by partial proceeds from the converted bonds (HK\$120 million) subscribed by Wise Sun as mentioned in the paragraph headed "CAPITAL" above.

In September 2009, a subsidiary in the United States had an early repayment of the United States dollars loan (outstanding principal with accrued interests amounted to approximately HK\$134,000). After the repayment, the Group did not have any outstanding loans in the United States.

In October 2009, an indirectly-owned subsidiary of the Group has obtained a banking facility amounted to HK\$6 million from a bank in Hong Kong 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.

Besides the banking facility mentioned above, the Group also has other banking facilities in forms of mortgage loan, revolving term loan and instalment loan in Hong Kong. In November 2009, the Group refinanced the revolving term loan (outstanding principal amounted to HK\$17.5 million) by an instalment loan with a repayment period of 14 years. These banking facilities have been secured by the Group's Hong Kong investment properties with aggregate net book value of approximately HK\$116 million. In addition, the Group and certain subsidiaries provided a bank of cross guarantees totalling HK\$55 million in respect of these banking facilities to be used by the Group and these subsidiaries.

LIQUIDITY, FINANCE RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO *(continued)*

As at 31 December 2009, the Group had banking facilities totalling approximately HK\$58 million and unsecured revolving term loan facility of HK\$20 million from Quants Inc., a former substantial shareholder of the Company. The Group had short-term bank loans of approximately HK\$3 million and long-term bank loans of approximately HK\$55 million, cash and bank balances of approximately HK\$296 million. All bank loans were at floating interest rates. All the borrowings were denominated in Hong Kong dollars (“HKD”). The maturity profile of the Group’s bank borrowings as at 31 December 2009 was spread over a period of 14 years, with approximately 6% repayable within one year, 27% repayable between two to five years and 67% repayable over five years.

The Group’s current assets as at 31 December 2009 were approximately HK\$302 million while the current liabilities were approximately HK\$9 million. As at 31 December 2009, the Group’s current ratio was 34 (at 31 December 2008: 0.35).

The Group’s gearing ratio, representing the Group’s bank loans, non-bank loans (if any) and convertible bonds (excluding derivative component of convertible bonds) divided by the equity attributable to owners of the Company, as at 31 December 2009 is 30% (at 31 December 2008: 198%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group’s turnover, expenses, assets and liabilities are denominated in Hong Kong dollars (“HKD”), Renminbi (“RMB”), Macau Pataca (“MOP”), United States dollars (“USD”) and Japanese Yen (“JPY”). The exchange rates of RMB, MOP and USD against HKD remained relatively stable during the financial year under review. Certain expenses of the Group incurred in JPY which has fluctuated in a relatively greater extent in the Review Period. However, the amount of JPY expenses incurred are immaterial, the appreciation of the JPY against the 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 as may be necessary.

CONTINGENT LIABILITIES

As at 31 December 2009, the Company has only one outstanding litigation case. This litigation case was commenced by a bank against a bankrupted third party and joint venture, which had served a third party notice to the Company, for outstanding balance of overdraft facilities. After obtaining the advice from a lawyer, the directors are of the opinion that the case has been dormant for a number of years and is remote, and therefore no provision has been made in the financial statements in respect of the alleged claims.

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 2009, the total headcount of the Group was 47.

PROSPECT

The year of 2009 comprised changes, transformation and challenges to the Group. After the change of the substantial shareholder in June 2009 and the change of board of directors of the Company in the second half of the year, the new board of directors will continue to rationalise and streamline the existing structures and operations of the Group, including any proposal in scale down unprofitable and/or dormant business segments when necessary. The Group is actively exploring various business opportunities and may diversify the businesses and investments which are beneficial to the 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 2009.

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 reasonable indicated the Company or any of its Directors is not or was not in compliance with the Code for the year ended 31 December 2009 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;

CORPORATE GOVERNANCE *(continued)*

2. There was no separation of the role of the Chairman and the Chief Executive Officer (“CEO”) during the financial year up to 17 September 2009. Mr. Michele Matsuda had been appointed as the Chairman and CEO of the Company since March 2003 and he resigned on 18 September 2009. Mr. Zhou Jian was re-designated as the Chairman of the Company on 18 September 2009 and the Company does not have any officer with the title of CEO. The roles and functions of CEO were performed by all the executive directors collectively. 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 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 2009.

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 2009.

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 2009 have been agreed by the Company’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 and Hong Kong Exchanges and Clearing Limited at www.suninnovation.com and www.hkexnews.hk respectively. 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, 26 February 2010

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