FinTronics

银创控股

FINTRONICS HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 706

Annual Report

2009

Contents

Corporate Information

DIRECTORS

Executive Directors

*Mr. Sze Wai, Marco *(Chairman and Chief Executive Director)*
Mr. Song Jing Sheng
Mr. Tan Shu Jiang

Independent Non-executive Directors

Mr. Wong Po Yan
Mr. Mao Zhenhua
Mr. Chong Yiu Kan, Sherman

COMPANY SECRETARY

Mr. Chan Ying Kay, *FCPA*

QUALIFIED ACCOUNTANT

Mr. Chan Ying Kay, *FCPA*

LEGAL ADVISERS

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre,
Lee Gardens Two,
28 Yun Ping Road,
Hong Kong

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited
www.sprg.com.hk

PRINCIPAL BANKERS

Bank of Communications Company Limited
Citic Ka Wah Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2003 and 2005, 20th Floor
Great Eagle Centre
23 Harbour Road, Wanchai
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street, Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

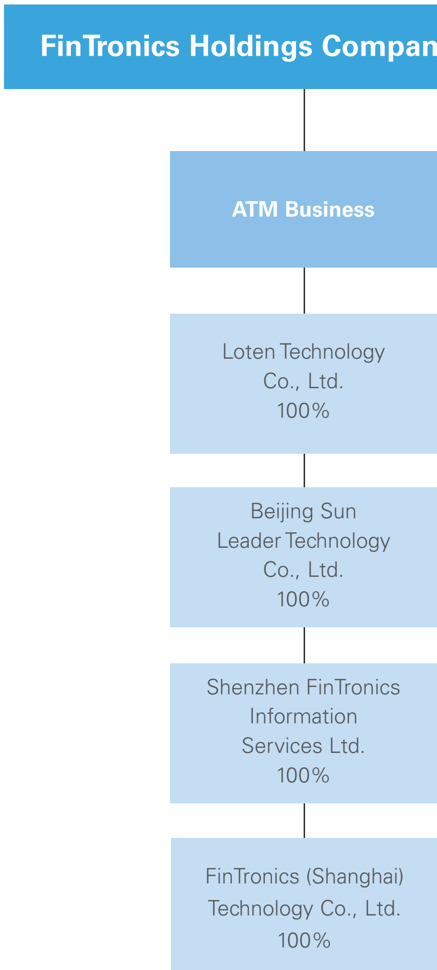
www.fintronics.com.hk

* *Mr. Sze Wai, Marco has been appointed as Chief Executive Officer on 2 March 2009.*

Business **Structure**

At 31 December 2009

The following chart shows the principal members of FinTronics Holdings Company Limited and its principal subsidiaries and their respective business activities as at 31 December 2009:



Chairman's **Statement**

To our shareholders

FY2009 was a challenging year. Although the Group, as a first mover in ATM service provision has strong foothold in the market, consumption sentiment in China was weak in the aftermath of the financial crisis and as a direct result of the development of e-payment service sector slowed down. The increasingly intense competition has also impeded development of the Group.

During the year under review, the Group focused on consolidating our core business and evaluating the performance of different business segments. In the second half of FY2009, taking into account the difficult environment for sale of integrated circuits and computer software and the substantial pressure on the gross profit margin of the business segment, the Group decided to exit from the segment and direct freed resources on to developing its core ATM business.

The Group strived to consolidate ATM business during the year to ensure sustainable growth of the business. We enhanced our strengths and boosted operational efficiency and reduced operating costs by improving the management quality of ATM projects in operation, reviewing our ATM deployment strategy and reinforcing related support systems and maintenance service capabilities. During the year, we also managed our finance with prudence and strictly observed credit control so as to minimise financial risks.

In order to maximise future growth opportunities and profitability, as well as optimise value for shareholders, the Group announced its intention to acquire the controlling interest in certain gold mines in Russia on 22 March 2010. The Acquisition is a transformational transaction for FinTronics to diversify into the gold mining business and the natural resources sector with high future growth potential. Upon completion of the transaction, the natural resources sector is expected to become one of the core business segments of the Group. Riding on the Group's carefully planned and timely business strategies together with ample capital, the management is confident of bringing long-term returns to shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my appreciation to all our clients, bankers, investors and business partners for their continuous support and trust. I would also like to thank the management team and staff for their commitment and contribution to the Group's business in the past year.

Sze Wai, Marco
Chairman and Chief Executive Officer

Hong Kong, 30 March 2010

Management Discussion **and Analysis**

BUSINESS REVIEW

Keen competition in the ATM service market has brought challenges to the Group. To raise competitiveness of its ATM business, the Group improved the management quality of operating ATM projects, reviewed its ATM deployment strategy and reinforced related support systems and maintenance service capabilities. During the year under review, a series of business consolidation initiatives gradually achieve some improved performance for its efforts during the year.

Regarding business development, the Group maintained close relations and regular communication with potential customers during the year for nurturing possible subsequent cooperation that agrees with its plan to roll out more ATM projects at the right time.

During the year under review, sale of integrated circuits and computer software business continued to face increasing competitive pressure which severely squeezed its gross profit margin. The Group thus decided to exit the segment.

PROSPECTS

Aware of the potential threat from the formation of the asset bubble in the country, banks in China have tightened lending, which has indirectly affected consumer spending. With people concerned about the asset bubble and feeling inflationary pressure, the consumption market in 2010 may become weak. In addition, although the country managed an above 8% GDP growth meeting the year's target, it is below the double-digit growth achieved in the few prior years. This suggests that the outlook of the Chinese economy is not totally clear and bright.

With the economic environment still uncertain and the ATM market becoming increasingly competitive, the Group has a tough path to walk in taking its business forward. Heeding that, the Group will continue its proven business consolidation strategy so as to counter competition in the market. At the same time, the Group will maintain its stringent ATM deployment strategy and steer business development with prudence and pragmatism.

To expand its income sources, the Group will continue to innovate in developing the operation mode of its ATM business. It has reached consensus with many banks and China Unionpay organisations on cooperation to develop more high value adding ATM services, including utility bill payment, mobile phone top-up, dispensing of lottery wins and advertising, etc.

On 22 March, 2010, through FinTronics' wholly owned subsidiary, the Group has entered into a conditional Sale and Purchase Agreement with Truffle Rich Holdings Limited ("Truffle Rich") whereby it will acquire the investment holding company that owns 80% interest in CSJC Gold Mining Company Omchak ("Omchak") for an aggregate consideration of US$300 million. Omchak and its subsidiaries are engaged in the business of geological exploration and commercial mining of placer gold deposits and hard rock gold deposits located in Russia.

Currently, Omchak owns eight gold mining and exploration projects located in eastern Russia. These projects include three producing alluvial gold mining operations, a proposed underground gold mine which is at a feasibility study stage, and four gold exploration projects.

Management Discussion and Analysis

Skyrocketing demand for gold has propelled the price of gold bullion to record heights last year. The Group's management is positive about the long term prospects in the gold market and this acquisition positions FinTronics to participate in the booming natural resources sector. Looking forward, the Group will push forward with developing its business and actively look for opportunities that can enable its business to grow in stronger strides.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had cash and bank balances of HK$159.3 million (2008: HK$254.6 million) of which HK$5 million (2008: HK$5 million) were pledged to a bank for facilities granted to the Group.

The Group had loans and overdraft amounting HK$4.6 million (2008: HK$52.6 million) as at 31 December 2009. As at 31 December 2009, the total assets value of the Group was HK$250.1 million (2008: HK$373 million) whereas the total liabilities was HK$18.3 million (2008: HK$67.6 million). The gearing ratio of the Group, calculated as total liabilities over total assets, was 7.3% (2008: 18.1%).

As at 31 December 2009, the Group had available aggregate banking facilities of HK$5 million (2008: HK$5 million) of which HK$0.4 million (2008: HK$5 million) has not been utilised. Assets charged as security for banking facilities included bank deposits totalling HK$5 million (2008: HK$5 million) as at 31 December 2009.

The Group maintained a net cash (being the total cash and bank balances net of total borrowings) to equity ratio of 68.7% (2008: net cash to equity ratio of 66.1%) as at 31 December 2009. With net cash of HK$159.3 million (2008: net cash of HK$202 million) as at 31 December 2009, the Group's liquidity position has improved significantly and the Directors of the Group believe that the Company has sufficient financial resources to satisfy its commitments and working capital requirements.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 31 December 2009, the Group had approximately 67 (2008: 58) employees of which approximately 9 (2008: 10) were technicians and engineers. Employees' costs (including directors' emoluments) amounted to approximately HK$22.6 million (2008: HK$16.6 million) for the year. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis.

The Directors believe that experienced staff, in particular its technicians, are the most valuable assets of the Group. Training programme is provided to technicians, especially new recruits, to ensure their technical proficiency.

The Company operates a share option scheme (the "Scheme") whereby the Board may at their absolute discretion, grant options to employees and Executive Directors of the Company and any of its subsidiaries to subscribe for shares in the Company. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the prescribed terms of the Scheme. During the year 37,300,000 share options were granted to directors, executives and employees to their contribution to the Group.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Sze Wai, Marco, aged 44, is the Chairman and the Chief Executive Officer of the Company. He joined the Group in February 2001. Mr. Sze has over 18 years of experience in investing in Hong Kong and China. His investment interests cover various sectors including information technology, industrial, property investment and development, transportation and trading. He is responsible for formulating the Group's business strategies.

Mr. Chu Chi Shing, aged 42, graduated from Shanghai Jiaotong University with a bachelor degree in Computer Science. Mr. Chu has extensive experience in the computer industry. He is responsible for the Group's business operations and also responsible for the implementation of the Group's business strategies and policies and investors' relationship. He Jointed the Group in June 1998 and left the Group in February 2009.

Mr. Song Jing Sheng, aged 51, graduated from the postgraduate school of Chinese Academy of Social Sciences majoring in Finance. He has extensive experience in the banking and finance industry in the PRC. Mr. Song joined the Group in May 2005.

Mr. Tan Shu Jiang, aged 41, holds a Bachelor Degree of German Language from Shanghai International Studies University. Mr. Tan has over 13 years of experience in the sales and marketing, technical and general management in the information technology businesses. He is a director of Barwinstart Cultural Communication Co., Limited which is principally engaged in the operation of internet business in the PRC He joined the Group in January 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Po Yan, *GBM, CBE, JP*, aged 86, is an Independent Non-executive Director. He joined the Group in June 1998. He is the founder of United Oversea Enterprises, Ltd., the Honorary President of Chinese Manufacturers Association of Hong Kong. Mr. Wong was formerly the Vice Chairman of the Basic Law Committee of Hong Kong under the Standing Committee of the National People's Congress of the PRC, and a member of the Hong Kong Legislative Council, the Chairman of the Airport Authority of Hong Kong. Mr. Wong holds an Honorary Doctorate Degree in Business Administration from the City University of Hong Kong and an Honorary Doctorate Degree in Social Science from Hong Kong Baptist University. Mr. Wong is currently an independent non-executive director of Shenzhen Investment Ltd. (Stock Code: 604), Allied Group Ltd. (Stock Code: 373), China Electronics Corporation Holdings Co. Ltd. (Stock Code: 85), Sinopac Kantons Holdings Ltd. (Stock Code: 934), and Alco Holdings Ltd. (Stock Code: 328), all the companies which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Mao Zhenhua, aged 46, is an Independent Non-executive Director. He joined the Group in February 2001. Mr. Mao graduated from Wuhan University with a Doctorate Degree in Economics. Mr. Mao is currently the Board Chairman and Chief Executive Officer of China Chengxin Credit Management Co., Ltd. and a director of Qinghai Huading Industrial Co., Ltd., a company listed on the Shanghai Stock Exchange. He has extensive experience in investment banking and the management of listed companies in Hong Kong. Mr. Mao had carried out economic analysis and policies research for Hubei Provincial Government, Hainan Provincial Government and Research Office of the State Council.

Mr. Chong Yiu Kan, Sherman, aged 46, is an Independent Non-executive Director. He joined the Group in September 2004. Mr. Chong obtained a Master Degree in Business Administration from the University of Hong Kong. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants. He has over 22 years of working experience in auditing, accounting, taxation and management consultancy. He is the sole proprietor of Sherman Chong & Co. (CPA). In the last three years, Mr. Chong was an independent non-executive director of China Fortune Group Limited (previously known as China Conservational Power Holdings Ltd.) (Stock Code: 290), a company which is listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chan Ying Kay, aged 46, Company Secretary and Qualified Accountant of the Company. Mr. Chan is also the Chief Financial Officer of the Company. Mr. Chan is responsible for the financial management, corporate finance and company secretarial matters of the Group. Mr. Chan joined the Group in April 2003 and has over 21 years of experience in accounting and finance. Mr. Chan is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

The Directors hereby present the annual report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 37 to the financial statements.

The analysis of the segment information is set out in note 14 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2009 and the state of the Group's affairs as at that date are set out in the financial statements on pages 29 to 89.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2009.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years are set out on page 90.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	52	Nil
Five largest customers in aggregate	98	Nil
The largest supplier	Nil	Nil
Five largest suppliers in aggregate	Nil	Nil

None of the Directors or their respective associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or shareholders who own more than 5% of the issued share capital of the Company had any interests in any of these major customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2009 are set out in note 17 to the financial statements.

OTHER BORROWINGS

Particulars of other borrowings of the Group as at 31 December 2009 are set out in note 26 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

SHARE PREMIUM AND RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company has no reserve available for cash distribution (2008: Nil) as computed in accordance with the Bermuda Companies Act 1981 (as amended). In addition, the Company's share premium account of approximately HK$441,717,000 (2008: HK$440,649,000) as at 31 December 2009 may be distributed in the form of fully paid bonus shares.

EMOLUMENT POLICY

A remuneration committee has been set up for reviewing the Group's emolument policy and structure for all remuneration of directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted a share option scheme as incentive to directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

Report of the Directors

DIRECTORS

The Directors during the financial year and to the date of this report were:

Executive Directors

Mr. Sze Wai, Marco, *Chairman and Chief Executive Officer*
Mr. Chu Chi Shing, *Chief Executive Officer* (resigned on 2 February 2009)
Mr. Song Jing Sheng
Mr. Tan Shu Jiang

Independent Non-executive Directors

Mr. Wong Po Yan
Mr. Mao Zhenhua
Mr. Chong Yiu Kan, Sherman

Independent Non-executive Directors are not appointed for a specific term. All the Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

In accordance with bye-laws 111(A) and (B), Mr. Sze Wai, Marco and Mr. Tan Shu Jiang will retire by rotation at the forthcoming annual general meeting and being eligible, offers themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board still considers each of the Independent Non-executive Directors to be independent as at the date of this report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Brief biographical details of directors and senior management are set out on pages 7 to 8 of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests and short positions of the Directors and chief executive of the Company in the share or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required pursuant to Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name	**Name of company**	**Capacity**	**Number and class of securities** *(note 1)*
Sze Wai, Marco	The Company	Interest of controlled corporation *(note 2)*	474,869,906 ordinary shares (L)
	The Company	Beneficial owner	7,189,769 ordinary shares (L) *(note 3)*
Song Jing Sheng	The Company	Beneficial owner	34,000,000 ordinary shares (L)
	The Company	Beneficial owner	3,500,000 ordinary shares (L) *(note 3)*
Wong Po Yan	The Company	Beneficial owner	2,500,000 ordinary shares (L) *(note 3)*
Mao Zhenhua	The Company	Beneficial owner	2,500,000 ordinary shares (L) *(note 3)*
Chong Yiu Kan, Sherman	The Company	Beneficial owner	2,650,000 ordinary shares (L) *(note 4)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(Continued)

Notes:

1. The letter "L" represents the Director's interests in the Shares and underlying shares of the Company.

2. These shares were held by Leading Value Industrial Limited, a company wholly owned by Sze Wai, Marco.

3. These shares were the shares which would be allotted and issued upon exercise in full of the options granted to such Director under the share option schemes of the Company.

4. Included in these shares were (i) 650,000 issued shares and (ii) 2,000,000 shares would be allotted and issued upon exercise of the options in full granted to him under the share option scheme of the Company.

Save as disclosed above, as at 31 December 2009, none of the Directors and the chief executive of the Company had any interest and short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Prior to 23 May 2002, the Company operated an option scheme whereby the Board of Directors could, at their absolute discretion, grant options to employees and executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company (the "Old Scheme"). On 23 May 2002, the Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted for a period of ten years, whereby the Board of Directors may, at their absolute discretion, grant options to any eligible employees, non-executive directors, any suppliers and customers of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company.

For options granted before 1 September 2001, the exercise price of options was the higher of the nominal value of the shares and 80% of the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. For options granted after 1 September 2001, the exercise price of the options shall not be lower than the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the Hong Kong Stock Exchange on the date of offer of the options, which must be a trading day, and (iii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the options.

SHARE OPTION SCHEME *(Continued)*

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other operative share option schemes of the Group may not in aggregate exceed 105,778,000, being 10% of the shares in issue of the Company as at 30 June 2006, the date of which the resolution is passed pursuant to the share option scheme.

The unexercised outstanding share options as at 31 December 2009 are as follows:

				Number of share options				
Grantee	**Date granted**	**Exercisable period**	**Exercise price of options** *HK$*	**Outstanding at 1.1.2009**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31.12.2009**
Old Scheme								
Former director								
Chu Chi Shing	16 Jun 1999	2 Oct 1999 – 5 Jul 2009	0.806	2,813,861	–	–	(2,813,861)	–
	28 Dec 1999	1 Feb 2001 – 16 Jan 2010	0.985	267,987	–	–	(267,987)	–
	14 May 2001	1 Oct 2001 – 2 Jun 2011	0.433	267,987	–	–	(267,987)	–
Director								
Sze Wai, Marco	14 May 2001	1 Oct 2001 – 2 Jun 2011	0.433	4,689,769	–	–	–	4,689,769
Employees	16 Jun 1999	2 Oct 1999 – 5 Jul 2009	0.806	422,080	–	–	(422,080)	–
	20 Dec 1999	2 Jan 2001 – 8 Jan 2009	0.843	133,993	–	–	(133,993)	–
	14 May 2001	1 Oct 2001 – 2 Jun 2011	0.433	2,344,884	–	–	–	2,344,884
New Scheme								
Former director								
Chu Chi Shing	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	2,000,000	–	–	(2,000,000)	–
Directors								
Song Jing Sheng	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	2,000,000	–	–	–	2,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	1,500,000	–	–	1,500,000
Sze Wai, Marco	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	1,500,000	–	–	1,500,000
Tan Shu Jiang	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	4,000,000	–	–	4,000,000

SHARE OPTION SCHEME *(Continued)*

Grantee	Date granted	Exercisable period	Exercise price of options HK$	Number of share options: Outstanding at 1.1.2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2009
Independent non-executive directors								
Chong Yiu Kan, Sherman	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	500,000	–	–	–	500,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	1,500,000	–	–	1,500,000
Mao Zhenhua	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	1,500,000	–	–	1,500,000
Wong Po Yan	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	1,500,000	–	–	1,500,000
Employees	20 Mar 2006	21 Mar 2006 – 20 Mar 2016	0.122	2,000,000	–	–	–	2,000,000
	04 Oct 2006	4 Apr 2007 – 4 Oct 2016	0.213	3,000,000	–	(2,000,000)	–	1,000,000
	31 Oct 2006	1 May 2007– 30 Oct 2016	0.250	500,000	–	–	(500,000)	–
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	–	25,800,000	–	–	25,800,000
				23,940,561	37,300,000	(2,000,000)	(6,405,908)	52,834,653

SHARE OPTION SCHEME *(Continued)*

The share options are exercisable for a period of ten years commencing from the date of grant and subject to the vesting provisions are as follows:

Date granted	Vesting period	Percentage of options vested
16.06.1999	16.06.1999-01.10.1999	Nil
	02.10.1999-01.01.2000	10%
	02.01.2000-01.01.2001	30%
	02.01.2001-01.01.2002	60%
	02.01.2002-01.07.2002	90%
	02.07.2002-05.07.2009	100%
20.12.1999	20.12.1999-01.01.2001	Nil
	02.01.2001-01.01.2002	30%
	02.01.2002-01.01.2003	60%
	02.01.2003-08.01.2009	100%
28.12.1999	28.12.1999-31.01.2001	Nil
	01.02.2001-16.01.2010	100%
14.05.2001	14.05.2001-30.09.2001	Nil
	01.10.2001-01.01.2002	40%
	02.01.2002-01.01.2003	70%
	02.01.2003-02.06.2011	100%
20.03.2006	21.03.2006-20.03.2016	100%
04.10.2006	04.10.2006-03.04.2007	Nil
	04.04.2007-03.10.2007	50%
	04.10.2007-04.10.2016	100%
31.10.2006	31.10.2006-30.04.2007	Nil
	01.05.2007-31.10.2007	50%
	01.11.2007-30.10.2016	100%
24.06.2009	24.06.2009-23.12.2009	Nil
	24.12.2009-23.06.2019	100%

SHARE OPTION SCHEME *(Continued)*

The weighted average share price at the exercise date of the share options during the year was HK$0.213. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.96 years (2008: 5.02 years) and the exercise prices range from HK$0.122 to HK$0.433 (2008: HK$0.122 to HK$0.985).

The fair value of options granted during the year determined at the grant date using the Binomial Option Pricing Model was approximately HK$7,460,000. The significant inputs into the model were as follows:

	24 June 2009
Option value	HK$0.2
Total fair value	HK$7,460,000
Share price at date of grant	HK$0.27
Exercisable price	HK$0.27
Expected volatility	90%
Expected life	8.5 years
Risk-free interest rate	2.79%
Suboptimal exercise factor	4.8
Dividend yield	0%

The expected volatility was determined by calculating the historical volatility of the Company's share price from the date of listing to grant dates. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The total share-based compensation costs recognised during the year amounted to HK$7,460,000 (2008: Nil).

Apart from the foregoing, at no time during the year was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Company's Directors or chief executive or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 31 December 2009, the following persons and entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	**Number of ordinary shares** *(Note 1)*	**Capacity**	**Approximate percentage of interest**
Leading Value Industrial Limited *(Note 2)*	474,869,906 (L)	Beneficial owner	25.76

Notes:

1. The letter "L" represents the entity's interests in the Shares.

2. Leading Value Industrial Limited is a company wholly owned by Sze Wai, Marco, who is an Executive Director.

Save as disclosed above, as at 31 December 2009, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the section headed "Share Option Schemes" above, at no time during the year was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING BUSINESS INTERESTS OF DIRECTORS

None of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws in Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RETIREMENT SCHEME

The Company and its Hong Kong subsidiaries operate Mandatory Provident Fund Schemes (the "MPF schemes") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF schemes are defined contribution retirement schemes administered by independent trustees. Under the MPF schemes, the employers and employees are each required to make contributions to the MPF schemes at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF schemes vest immediately.

The retirement benefits costs under the MPF schemes charged to the profit or loss amounted to HK$165,000 (2008: HK$170,000) during the year.

The subsidiaries of the Group in the PRC other than Hong Kong participate in pension schemes organised by the respective municipal governments whereby they are required to pay annual contributions at the rates ranging from 15% to 33% (2008: 17% to 33%) of the standard wages determined by the relevant authorities in the PRC.

Under the above schemes, retirement benefits of existing and retired employees are payable by the relevant PRC scheme administrators and the Group has no further obligations beyond the annual contributions.

RETIREMENT SCHEME *(Continued)*

The aggregate employers' contributions by the Group under the PRC pension schemes amounted to HK$815,000 (2008: HK$441,000) during the year.

The Group does not operate any other scheme for retirement benefits provided to the Group's employees.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or its holding company or its subsidiaries was a party, subsisted at the end of the year or at any time during the year in which a director of the Company had a material interest.

CONNECTED TRANSACTIONS

During the year ended 31 December 2009, there were no transactions which are required to be disclosed in accordance with announcement and reporting requirements under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 36 to the financial statements.

AUDITOR

The financial statements have been audited by RSM Nelson Wheeler, who will retire and a resolution for their reappointment as the auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board of Directors of
FinTronics Holdings Company Limited

Sze Wai, Marco
Chairman

Hong Kong, 30 March 2010

The Company has applied the principles and complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2009, except for certain deviations specified with considerated reasons as explained below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, as the Code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, they all confirmed that they have compiled with the Model Code throughout the year ended 31 December 2009.

THE BOARD OF DIRECTORS

The Board consists of three Independent Non-executive Directors that is more than one-third of the Board. As at the date of this report, the Board comprises six Directors, of which three are Executive Directors. Members of the Board met regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. There are total of five regular board meetings held during the year.

Attendance of individual Directors at Board Meetings held during the year:–

		Attendance	Percentage
Executive Directors			
Mr. Sze Wai, Marco		5/5	100%
Mr. Chu Chi Shing	(resigned on 2 February 2009)	N/A	N/A
Mr. Song Jing Sheng		5/5	100%
Mr. Tan Shu Jiang		5/5	100%
Independent Non-executive Directors			
Mr. Wong Po Yan		5/5	100%
Mr. Mao Zhenhua		5/5	100%
Mr. Chong Yiu Kan, Sherman		5/5	100%

While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The Non-executive Directors (including Independent Non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

THE BOARD OF DIRECTORS *(Continued)*

The positions of the Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. Sze Wai, Marco. Although Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group. Such arrangement will be subject to review by the Board from time to time.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four members, a majority of whom are Independent Non-executive Directors, and is chaired by Mr. Wong Po Yan. The Remuneration Committee is aimed to review and determine the remuneration policy and packages of the Executive Directors and executives.

The Remuneration Committee is scheduled to meet at least once a year for the determination of the remuneration packages of the Executive Directors and executives of the Group. In addition, the Committee also meets as and when required to consider remuneration related matters. One meeting was held during the financial year. The attendance of each member is set out as follows:

Attendance of individual members at Remuneration Committee Meeting held during the year:–

	Attendance	Percentage
Independent Non-executive Directors		
Mr. Wong Po Yan *(Chairman)*	1/1	100%
Mr. Mao Zhenhua	1/1	100%
Mr. Chong Yiu Kan, Sherman	1/1	100%
Executive Director		
Mr. Sze Wai, Marco	1/1	100%

NOMINATION COMMITTEE

The Nomination Committee comprises four members, a majority of whom are independent Non-executive Directors, and is chaired by Mr. Mao Zhenhua. The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors and making recommendations to the Board on such appointments.

The Nomination Committee is scheduled to meet at least once a year for the review of the structure, size and composition of the Board. In addition, the Nomination Committee also meets as and when required to consider nomination related matters. One meeting was held during the financial year. The attendance of each member is set out as follows:

Attendance of individual members at Nomination Committee Meeting held during the year:–

	Attendance	Percentage
Independent Non-executive Directors		
Mr. Mao Zhenhua *(Chairman)*	1/1	100%
Mr. Wong Po Yan	1/1	100%
Mr. Chong Yiu Kan, Sherman	1/1	100%
Executive Director		
Mr. Sze Wai, Marco	0/1	0%

AUDITOR'S REMUNERATION

The Company reviews the appointment of external auditor on an annual basis including a review of the audit scope and approval of the audit fee. During the year, the fee payable to the Company's external auditor for the annual audit amounted to HK$1,310,000 and fee for non-audit related activities amounted to HK$50,000.

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company's annual report and financial statements, interim report, and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Wong Po Yan, Mr. Mao Zhenhua and Mr. Chong Yiu Kan, Sherman. Mr. Chong Yiu Kan, Sherman is the Chairman of the audit committee. The audit committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters, including a review of the annual report for the year ended 31 December 2009 with the Directors.

AUDIT COMMITTEE *(Continued)*

The Audit Committee met two times during the year and the attendance of each member is set out as follows:

	Attendance	Percentage
Independent Non-executive Directors		
Mr. Chong Yiu Kan, Sherman *(Chairman)*	2/2	100%
Mr. Mao Zhenhua	2/2	100%
Mr. Wong Po Yan	2/2	100%

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control systems on an ongoing basis.

COMMUNICATION WITH SHAREHOLDERS

The Company uses two-way communication channels to account to shareholders and investors for the performance of the Company. All the shareholders have at least 20 clear business days' notice of annual general meeting at which directors are available to answer questions on the business. In an effort to enhance the communication, the Company provides information relating to the Company and its business in its annual report and interim report and also disseminates such information electronically through its website at www.fintronics.com.hk. Specific enquiries from shareholders can be sent in writing to the Company at our head office in Hong Kong or by email or through the Company's Investor Relations Adviser.

In order to provide effective disclosure to shareholders and investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcement as required by the Listing Rules.

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. The code provision stipulates that the chairman of the board should attend the annual general meeting. Mr. Sze Wai, Marco, the Chairman of the Board, had been heavily committed to business operations of the Group in the Mainland China. Despite his utmost intention to be present at the Company's annual meeting held on 25 June 2009, business circumstances made it impossible. However, although he was unable to attend, Mr. Sze had arranged for Mr. Tan Shu Jiang, an Executive Director of the Company who is well versed in all the business activities and operations of the Group, to attend on his behalf and to chair the meeting and to respond to shareholders' questions.

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

TO THE SHAREHOLDERS OF
FINTRONICS HOLDINGS COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of FinTronics Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 89, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, 30 March 2010

Consolidated Income **Statement**

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	6	**11,876**	13,013
Cost of sales		**–**	(1,397)
Gross profit		**11,876**	11,616
Other income	7	**8,396**	16,524
Administrative expenses		**(68,882)**	(65,814)
Other operating expenses		**(3,379)**	(13,251)
Loss from operations		**(51,989)**	(50,925)
Fair value gain on derivative component of convertible loan	26	**–**	18,671
Finance costs	8	**(3,595)**	(14,901)
Impairment losses on goodwill	19	**–**	(51,760)
Impairment losses on intangible assets	20	**(5,323)**	–
Impairment losses on property, plant and equipment	17	**(8,103)**	–
Loss on repayment of convertible loan	26	**(14,788)**	–
Loss before tax		**(83,798)**	(98,915)
Income tax credit	9	**2,042**	165
Loss for the year	10	**(81,756)**	(98,750)
Loss per share			
Basic	13(a)	**(4.44) cents**	(5.36) cents
Diluted	13(b)	**N/A**	N/A

Consolidated Statement of **Comprehensive Income**

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Loss for the year		**(81,756)**	(98,750)
Other comprehensive income:			
Changes in fair value of available-for-sale financial assets		**213**	(213)
Deficit on revaluation of buildings		**–**	(57)
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		**23**	7,353
Other comprehensive income for the year, net of tax	15	**236**	7,083
Total comprehensive income for the year		**(81,520)**	(91,667)

Consolidated Statement of **Financial Position**

As at 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Fixed assets			
Investment properties	*16*	**–**	–
Property, plant and equipment	*17*	**46,277**	70,240
Prepaid land lease payments	*18*	**2,153**	2,155
		48,430	72,395
Goodwill	*19*	**–**	–
Intangible assets	*20*	**27,442**	37,861
Available-for-sale financial assets	*21*	**–**	1,229
Pledged bank deposit	*23*	**5,000**	5,000
		80,872	116,485
Current assets			
Trade and other receivables	*22*	**10,343**	6,882
Bank and cash balances	*23*	**158,894**	249,639
		169,237	256,521
Current liabilities			
Trade and other payables	*24*	**8,555**	7,039
Derivative component of convertible loan	*26*	**–**	1,295
Bank overdraft, secured	*25*	**4,594**	–
Current tax liabilities		**490**	693
		13,639	9,027
Net current assets		**155,598**	247,494

Consolidated Statement of **Financial Position**

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Total assets less current liabilities		**236,470**	363,979
Non-current liabilities			
Convertible loan	26	**–**	51,345
Deferred tax liabilities	29	**4,653**	7,183
		4,653	58,528
Net assets		**231,817**	305,451
Capital and reserves			
Share capital	30	**184,328**	184,128
Reserves	31	**47,489**	121,323
Total equity		**231,817**	305,451

Approved and authorised for issue by the Board of Directors on 30 March 2010

Sze Wai, Marco
Director

Tan Shu Jiang
Director

Consolidated Statement of **Changes in Equity**

For the year ended 31 December 2009

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Translation reserve HK$'000	Warrants reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2008	184,128	440,649	1,973	15,152	592	68	–	(245,311)	397,251
Total comprehensive income for the year	–	–	–	7,353	–	(57)	(213)	(98,750)	(91,667)
Share options lapsed	–	–	(278)	–	–	–	–	145	(133)
Changes in equity for the year	–	–	(278)	7,353	–	(57)	(213)	(98,605)	(91,800)
At 31 December 2008	184,128	440,649	1,695	22,505	592	11	(213)	(343,916)	305,451
At 1 January 2009	**184,128**	**440,649**	**1,695**	**22,505**	**592**	**11**	**(213)**	**(343,916)**	**305,451**
Total comprehensive income for the year	**–**	**–**	**–**	**23**	**–**	**–**	**213**	**(81,756)**	**(81,520)**
Exercise of share options	**200**	**476**	**(250)**	**–**	**–**	**–**	**–**	**–**	**426**
Grant of share options	**–**	**–**	**7,460**	**–**	**–**	**–**	**–**	**–**	**7,460**
Share options lapsed	**–**	**–**	**(387)**	**–**	**–**	**–**	**–**	**387**	**–**
Warrants lapsed	**–**	**592**	**–**	**–**	**(592)**	**–**	**–**	**–**	**–**
Changes in equity for the year	**200**	**1,068**	**6,823**	**23**	**(592)**	**–**	**213**	**(81,369)**	**(73,634)**
At 31 December 2009	**184,328**	**441,717**	**8,518**	**22,528**	**–**	**11**	**–**	**(425,285)**	**231,817**

Consolidated Statement of **Cash Flows**

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Cash flows from operating activities		
Loss for the year	**(81,756)**	(98,750)
Adjustments for:		
Amortisation of intangible assets	**5,106**	5,044
Amortisation of prepaid land lease payments	**2**	3
Bad debts recovery	**(371)**	–
Deficit on revaluation of property, plant and equipment	**–**	57
Depreciation	**11,660**	11,661
Fair value gain on derivative component of convertible loan	**–**	(18,671)
Gain on deregistration of subsidiaries	**–**	(2,037)
Impairment losses on goodwill	**–**	51,760
Impairment losses on intangible assets	**5,323**	–
Impairment losses on property, plant and equipment	**8,103**	–
Impairment losses on trade and other receivables	**–**	9,754
Income tax credit	**(2,042)**	(165)
Interest expenses	**3,595**	14,901
Interest income	**(3,719)**	(4,735)
Loss/(gain) on disposal of available-for-sale financial assets	**2,328**	(625)
Loss on disposal of property, plant and equipment and prepaid land leases	**671**	2,520
Loss on repayment of convertible loan	**14,788**	–
Recognition of share-based payments	**7,460**	–
Reversal of impairment losses on other receivables	**(2,423)**	–
Reversal of impairment losses on recovery of trade receivables	**(1,560)**	(2,573)
Share options lapsed	**–**	(133)
Written off of property, plant and equipment	**339**	161
Written off of trade and other receivables	**41**	759
Operating loss before changes in working capital	**(32,455)**	(31,069)
Decrease in bills payable	**–**	(5,556)
Decrease in other payables and accrued expenses	**(515)**	(1,400)
Decrease in pledged deposit	**–**	24,646
Decrease in trade receivables	**4,714**	81
Increase in amount due to a director	**43**	54
Increase in receipts in advance	**1,870**	–
(Increase)/decrease in prepayments, deposits and other receivables	**(3,862)**	42,251
Increase/(decrease) in trade payables	**118**	(396)
Cash (used in)/generated from operations	**(30,087)**	28,611
Tax paid		
PRC income tax paid	**(693)**	–
Net cash (used in)/generated from operating activities	**(30,780)**	28,611

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		**(39,000)**	(2,278)
Exercise of share options		**426**	–
Proceeds from disposal of available-for-sale financial assets		**38,109**	1,449
Payments for purchases of property, plant and equipment		**(519)**	(8,382)
Proceeds from disposal of property, plant and equipment and prepaid land leases		**3,728**	1,307
Interest received		**3,719**	4,735
Net cash generated from/(used in) investing activities		**6,463**	(3,169)
Cash flows from financing activities			
Repayment of convertible loan		**(65,520)**	–
Repayment from finance lease obligations		**–**	(629)
Interest paid		**(5,503)**	(5,095)
Net cash used in financing activities		**(71,023)**	(5,724)
Net (decrease)/increase in cash and cash equivalents		**(95,340)**	19,718
Effect of foreign exchange rates changes		**1**	387
Cash and cash equivalents at 1 January		**249,639**	229,534
Cash and cash equivalents at 31 December		**154,300**	249,639
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*23*	**158,894**	249,639
Bank overdraft	*25*	**(4,594)**	–
		154,300	249,639

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The address of its principal place of business is Units 2003 & 2005, 20/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 37 to the financial statements.

In the opinion of the directors of the Company, Mr. Sze Wai, Marco is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS") and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

b. Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 14 to the financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, available-for-sale financial assets and derivative component of convertible loan which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Business combination and goodwill

The purchase method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated profit or loss.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (u) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Translation on consolidation (Continued)

– All resulting exchange differences are recognised in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Land and buildings are carried at fair values less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

– Land and buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Leasehold improvements	5 years
– Plant and machinery	5-10 years
– Furniture, fixtures and office equipment	3-5 years
– Motor vehicles	5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

Investment properties are land and buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Intangible assets

Customer contracts acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such customer contracts is their fair value at the acquisition date. Customer contracts are amortised on a straight line basis over their contractual duration of ten years.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

(g) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Available-for-sale financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Convertible loans

Convertible loans which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative component is measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible loans based on the allocation of proceeds to the liability and derivative components on initial recognition.

(n) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the provision of ATM services is recognised when the related services are rendered to customers.

Revenue from the sales of manufactured goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(s) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Taxation *(Continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, available-for-sale assets and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

It is the Group's policy for each operating entity to operate in local currency as far as possible to minimise foreign currency risk. The Group's principal business is conducted in Renminbi. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management but the management keeps on monitoring the movement of all foreign currency exposure.

At 31 December 2009, if the Hong Kong dollar had weakened/strengthened 1% (2008: 5%) against the Renminbi with all other variables held constant, consolidated loss for the year would have been decreased/increased by HK$273,000 (2008: decreased/increased by HK$4,188,000). This is mainly attributable to the exposure outstanding on Renminbi inter-group current accounts with PRC subsidiaries at the end of the reporting period.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts.

In this regard, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not have any significant concentration of credit risk.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

As at 31 December 2009, the Group has available unutilised general borrowing facilities of approximately HK$406,000 (2008: HK$5,000,000). Details of which are set out in note 25 to the financial statements.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009				
Amount due to a director	**555**	**–**	**–**	**–**
Bank overdraft	**4,594**	**–**	**–**	**–**
Other payables and accrued expenses	**5,797**	**–**	**–**	**–**
Receipts in advance	**1,870**	**–**	**–**	**–**
Trade payables	**333**	**–**	**–**	**–**
At 31 December 2008				
Amount due to a director	512	–	–	–
Convertible loan	4,992	67,392	–	–
Other payables and accrued expenses	6,312	–	–	–
Trade payables	215	–	–	–

(d) Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits. Since the bank deposits are all short-term in nature, any further variation in interest rates will not have a significant impact on the results of the Group.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments at 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
Financial assets:		
Loans and receivables		
Pledged bank deposit	**5,000**	5,000
Trade and other receivables	**9,865**	6,707
Bank and cash balances	**158,894**	249,639
	173,759	261,346
Available-for-sale financial assets	**–**	1,229
Financial liabilities:		
Financial liabilities at amortised cost		
Trade and other payables	**6,685**	7,039
Bank overdraft	**4,594**	–
Convertible loan	**–**	51,345
	11,279	58,384
Financial liabilities at fair value through profit or loss	**–**	1,295

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimation is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Intangible assets

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. This estimation is based on the contractual terms of the intangible assets. The Group will revise the amortisation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(d) Impairment of property, plant and equipment and intangible assets

Determining whether ATM's plant and machinery, leasehold improvements, furniture, fixtures and office equipment and customer contracts (collectively referred to as "ATM's cash-generating units") are impaired requires an estimation of the recoverable amount of the ATM's cash-generating units to which these assets have been allocated. The fair value less costs to sell calculation requires the Group to estimate the future cash flows expected to arise from the ATM's cash-generating units and a suitable discount rate in order to calculate the present value. In arriving at the future cash flows of the ATM's cash-generating units, the directors have to make reasonable estimates and assumptions of the future deployment of the ATMs based on existing and future customers contracts and business operational plan.

The carrying amounts of the ATM's plant and machinery, leasehold improvements, furniture, fixtures and office equipment and customer contracts at the end of the reporting period were approximately HK$41,775,000 and HK$27,442,000 respectively after impairment losses of approximately HK$8,103,000 and HK$5,323,000 respectively were recognised during the year ended 31 December 2009 (2008: Nil). Details of the impairment losses calculation are provided in notes 17 and 20 to financial statements.

6. TURNOVER

The Group's turnover is as follows:

	2009 *HK$'000*	2008 *HK$'000*
Provision of ATM services	**11,876**	11,603
Sale of integrated circuits and computer software	**–**	1,410
	11,876	13,013

7. OTHER INCOME

	2009 *HK$'000*	2008 *HK$'000*
Bad debts recovery	**371**	–
Gain on deregistration of subsidiaries	**–**	2,037
Gain on disposal of available-for-sale financial assets	**–**	625
Interest income	**3,719**	4,735
Net foreign exchange gains	**109**	6,544
Reversal of impairment losses on other receivables	**2,423**	–
Reversal of impairment losses on recovery of trade receivables	**1,560**	2,573
Others	**214**	10
	8,396	16,524

8. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Finance lease charges	**–**	31
Interest on bank loans and overdraft	**5**	72
Interest on convertible loan *(note 26)*	**3,590**	14,798
	3,595	14,901

9. INCOME TAX CREDIT

	2009 HK$'000	2008 HK$'000
Current tax – PRC Corporate income tax		
Provision for the year	**(490)**	(684)
Deferred tax		
Origination and reversal of temporary differences *(note 29)*	**2,532**	849
	2,042	165

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2009 and 2008 as the Group did not generate any assessable profits arising in Hong Kong during the years.

The PRC Corporate income tax rate for the subsidiaries in the PRC is 25% (2008: 25%).

The reconciliation between the income tax credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2009 HK$'000	2008 HK$'000
Loss before tax	**(83,798)**	(98,915)
Tax at the income tax rate of 16.5% (2008: 16.5%)	**(13,827)**	(16,321)
Tax effect of non-deductible expenses	**15,685**	27,837
Tax effect of non-taxable income	**(3,118)**	(11,102)
Tax effect of temporary differences not recognised	**181**	(5)
Tax effect of temporary differences	**(812)**	(17)
Tax effect of tax losses not recognised	**(318)**	777
Effect of different tax rates of subsidiaries operating in other jurisdiction	**167**	(1,334)
Income tax credit	**(2,042)**	(165)

10. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2009	2008
	HK$'000	*HK$'000*
Amortisation of intangible assets		
(included in administrative expenses)	**5,106**	5,044
Auditor's remuneration	**1,347**	1,334
Bad debts recovery	**(371)**	–
Cost of inventories sold	**–**	1,397
Depreciation	**11,660**	11,661
Deficit on revaluation of property, plant and equipment		
(included in other operating expenses)	**–**	57
Gain on deregistration of subsidiaries	**–**	(2,037)
Impairment losses on trade and other receivables		
(included in other operating expenses)	**–**	9,754
Loss/(gain) on disposal of available-for-sale financial assets	**2,328**	(625)
Loss on disposal of property, plant and equipment		
and prepaid land leases	**671**	2,520
Net foreign exchange gains	**(109)**	(6,544)
Operating lease charges in respect of land and buildings		
and ATM deployment	**4,982**	5,382
Reversal of impairment losses on other receivables	**(2,423)**	–
Reversal of impairment losses on recovery		
of trade receivables	**(1,560)**	(2,573)
Staff costs including directors' emoluments		
Contributions to defined contribution schemes	**980**	611
Salaries and other benefits	**14,142**	16,156
Equity settled share-based payments	**7,460**	(133)
	22,582	16,634
Written off of property, plant and equipment	**339**	161
Written off of trade and other receivables	**41**	759

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Fees	Salary	Other benefits *(note a)*	Share-based payments	Retirement benefit scheme contributions	Compensation for loss of office as a director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Sze Wai, Marco	–	1,200	–	300	12	–	1,512
Chu Chi Shing *(note (b))*	–	114	275	–	1	725	1,115
Song Jing Sheng	–	720	–	300	12	–	1,032
Tan Shu Jiang	–	720	–	800	12	–	1,532
Independent non-executive directors							
Chong Yiu Kan, Sherman	120	–	–	300	–	–	420
Mao Zhenhua	120	–	–	300	–	–	420
Wong Po Yan	120	–	–	300	–	–	420
Total for 2009	360	2,754	275	2,300	37	725	6,451

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

	Fees	Salary	Other benefits *(note a)*	Share-based payments	Retirement benefit scheme contributions	Compensation for loss of office as a director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Sze Wai, Marco	–	1,201	–	–	12	–	1,213
Chu Chi Shing *(note (b))*	–	1,367	–	–	12	–	1,379
Song Jing Sheng	–	721	–	–	12	–	733
Tan Shu Jiang	–	721	–	–	12	–	733
Robert Kenneth Gaunt *(note (c))*	–	257	–	–	4	–	261
Robertus Martinus Andreas Broers *(note (d))*	–	59	–	–	–	–	59
Non-executive director							
Zee Zin Yee *(note (e))*	188	–	–	–	–	–	188
Independent non-executive directors							
Chong Yiu Kan, Sherman	120	–	–	–	–	–	120
Mao Zhenhua	120	–	–	–	–	–	120
Wong Po Yan	120	–	–	–	–	–	120
Total for 2008	548	4,326	–	–	52	–	4,926

Notes: (a) Other benefits include leave pay
(b) Resigned on 2 February 2009
(c) Resigned on 9 May 2008
(d) Resigned on 16 January 2008
(e) Retired on 22 May 2008

The five highest paid individuals in the Group during the year included four (2008: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2008: one) individual are set out below:

	2009	2008
	HK$'000	*HK$'000*
Basic salaries and allowances	**1,200**	1,200
Share-based payments	**800**	–
Retirement benefit scheme contributions	**12**	12
	2,012	1,212

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group. The Group paid compensation for loss of office to the directors or the five highest paid individuals of HK$725,000 for the year ended 31 December 2009 (2008: Nil). No director has waived or agreed to waive any emoluments during the years ended 31 December 2009 and 2008.

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the years ended 31 December 2009 and 2008.

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss (2008: loss) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$81,756,000 (2008: HK$98,750,000) and the weighted average number of ordinary shares of approximately 1,841,737,000 (2008: 1,841,285,000) in issue during the year.

(b) Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2009 and 2008.

14. SEGMENT INFORMATION

The Group has two reportable segments as follows:

Automatic teller machines services:	Provision of "automatic teller machines" services.
Sale of integrated circuits and computer software:	Trading of integrated circuits and computer software.

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer ("CEO") (being the chief operating decision maker) to make strategic decisions about resources allocation and performance assessment.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

The Group's CEO assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation. This measurement basis of segment results excludes the effects of non-recurring expenditures from the operating segments such as gain/(loss) on disposal of available-for-sale financial assets, impairment losses on goodwill, intangible assets and property, plant and equipment, and reversal of impairment losses.

The amounts provided to the Group's CEO with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Bank and cash balances held by the Group are not considered to be segment assets but rather are centrally managed by the Chief Finance Officer ("CFO") in Hong Kong.

The amounts provided to the Group's CEO with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's convertible loan is not considered to be segment liabilities but rather is centrally managed by the CFO in Hong Kong.

Segment non-current assets do not include financial instruments and deferred tax assets.

There were no inter-segment sales for the years ended 2009 and 2008.

14. SEGMENT INFORMATION *(Continued)*

(a) Information about reportable segments profit or loss, assets and liabilities

	Automatic teller machines services HK$'000	Sale of integrated circuits and computer software HK$'000	Total HK$'000
Year ended 31 December 2009			
Revenue from external customers	11,876	–	11,876
Segment loss	(1,068)	–	(1,068)
Interest revenue	3,702	–	3,702
Depreciation and amortisation	(16,042)	–	(16,042)
Other material items of income and expense:			
Income tax credit	1,660	–	1,660
Other material non-cash items:			
Impairment of intangible assets	(5,323)	–	(5,323)
Impairment of property, plant and equipment	(8,103)	–	(8,103)
Additions to segment non-current assets	473	–	473
As at 31 December 2009			
Segment assets	74,223	–	74,223
Segment liabilities	(8,714)	–	(8,714)

14. SEGMENT INFORMATION *(Continued)*

(a) Information about reportable segments profit or loss, assets and liabilities *(Continued)*

	Automatic teller machines services *HK$'000*	Sale of integrated circuits and computer software *HK$'000*	Total *HK$'000*
Year ended 31 December 2008			
Revenue from external customers	11,603	1,410	13,013
Segment (loss)/profit	(7,642)	5,459	(2,183)
Interest revenue	3,094	212	3,306
Finance costs	–	(90)	(90)
Depreciation and amortisation	(16,000)	(379)	(16,379)
Other material items of income and expense:			
Reversal of impairment losses on recovery of trade receivables	2,573	–	2,573
Income tax credit	148	–	148
Other material non-cash items:			
Impairment of goodwill	(51,760)	–	(51,760)
Other impairment losses	(2,473)	(3,961)	(6,434)
Additions to segment non-current assets	7,738	–	7,738
As at 31 December 2008			
Segment assets	108,148	3,304	111,452
Segment liabilities	(9,178)	(381)	(9,559)

14. SEGMENT INFORMATION *(Continued)*

(b) Reconciliations of reportable segments revenue, profit or loss, assets and liabilities

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**11,876**	13,013
Other revenue	**–**	–
Consolidated revenue	**11,876**	13,013
Profit or loss		
Total loss of reportable segments	**(1,068)**	(2,183)
Depreciation and amortisation	**(16,768)**	(16,708)
Fair value gain on derivative component of convertible loan	**–**	18,671
Finance costs	**(3,595)**	(14,901)
Impairment losses on goodwill	**–**	(51,760)
Impairment losses on intangible assets	**(5,323)**	–
Impairment losses on property, plant and equipment	**(8,103)**	–
Interest income	**3,719**	4,735
(Loss)/gain on disposal of available-for-sale financial assets	**(2,328)**	625
Loss on repayment of convertible loan	**(14,788)**	–
Other impairment losses	**–**	(9,754)
Other unallocated amounts	**(39,527)**	(30,213)
Reversal of impairment losses on other receivables	**2,423**	–
Reversal of impairment losses on recovery of trade receivables	**1,560**	2,573
Consolidated loss before tax	**(83,798)**	(98,915)
Assets		
Total assets of reportable segments	**74,223**	111,452
Other unallocated amounts:		
Bank and cash balances	**158,894**	249,639
Available-for-sale financial assets	**–**	1,229
Pledged bank deposit	**5,000**	5,000
Others	**11,992**	5,686
Consolidated total assets	**250,109**	373,006
Liabilities		
Total liabilities of reportable segments	**(8,714)**	(9,559)
Other unallocated amounts:		
Bank overdraft, secured	**(4,594)**	–
Convertible loan and derivative component of convertible loan	**–**	(52,640)
Others	**(4,984)**	(5,356)
Consolidated total liabilities	**(18,292)**	(67,555)

14. SEGMENT INFORMATION *(Continued)*

(c) Geographical information

	Revenue		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	1,410	**8,776**	12,239
PRC except Hong Kong	**11,876**	11,603	**72,096**	104,246
Consolidated total	**11,876**	13,013	**80,872**	116,485

In presenting the geographical information, revenue is based on the locations of the customers.

(d) Revenue from major customers

	2009	2008
	HK$'000	*HK$'000*
Automatic teller machines services		
Customer a	**6,192**	6,059
Customer b	**2,119**	1,765
Customer c	**1,541**	1,674
Customer d	**1,391**	652
Sale of integrated circuits and computer software		
Customer e	**–**	1,410

15. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income for the year:

	2009			2008		
	Amount before tax	**Tax**	**Amount after tax**	Amount before tax	Tax	Amount after tax
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Changes in fair value of available-for-sale financial assets	**9**	**–**	**9**	(213)	–	(213)
Reclassification adjustment for disposal of available-for-sale financial assets included in profit or loss	**204**	**–**	**204**	–	–	–
Deficit on revaluation of buildings	**–**	**–**	**–**	(68)	11	(57)
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**23**	**–**	**23**	9,390	–	9,390
Reclassification adjustment for deregistration of subsidiaries included in profit or loss	**–**	**–**	**–**	(2,037)	–	(2,037)
Other comprehensive income	**236**	**–**	**236**	7,072	11	7,083

16. INVESTMENT PROPERTIES

	2009	2008
	HK$'000	*HK$'000*
Valuation:		
At 1 January	**–**	2,700
Transferred to property, plant and equipment *(note 17)*	**–**	(2,700)
At 31 December	**–**	–

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2008	760	4,204	75,341	5,848	6,154	92,307
Exchange adjustments	–	222	4,794	221	101	5,338
Additions	–	795	3,688	967	2,932	8,382
Transferred from investment properties *(note 16)*	2,700	–	–	–	–	2,700
Deficit on revaluation	(125)	–	–	–	–	(125)
Elimination on revaluation	(75)	–	–	–	–	(75)
Disposal	–	(258)	(3,895)	(460)	(420)	(5,033)
Written off	–	(187)	–	(62)	(2,920)	(3,169)
At 31 December 2008	3,260	4,776	79,928	6,514	5,847	100,325

The analysis of the cost or valuation at 31 December 2008 of the above assets is as follows:

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost	–	4,776	79,928	6,514	5,847	97,065
At valuation – 2008	3,260	–	–	–	–	3,260
	3,260	4,776	79,928	6,514	5,847	100,325
At 1 January 2009	**3,260**	**4,776**	**79,928**	**6,514**	**5,847**	**100,325**
Exchange adjustments	**–**	**1**	**23**	**1**	**1**	**26**
Additions	**–**	**23**	**450**	**46**	**–**	**519**
Disposal	**(2,630)**	**–**	**(2,291)**	**(42)**	**–**	**(4,963)**
Written off	**–**	**(289)**	**(195)**	**(10)**	**–**	**(494)**
At 31 December 2009	**630**	**4,511**	**77,915**	**6,509**	**5,848**	**95,413**

The analysis of the cost or valuation at 31 December 2009 of the above assets is as follows:

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost	**–**	**4,511**	**77,915**	**6,509**	**5,848**	**94,783**
At valuation – 2009	**630**	**–**	**–**	**–**	**–**	**630**
	630	**4,511**	**77,915**	**6,509**	**5,848**	**95,413**

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Accumulated depreciation and impairment:						
At 1 January 2008	42	2,021	11,018	3,468	5,125	21,674
Exchange adjustments	–	89	742	127	81	1,039
Charge for the year	88	681	9,388	747	757	11,661
Elimination on revaluation	(75)	–	–	–	–	(75)
Disposal	–	(63)	(657)	(66)	(420)	(1,206)
Written off	–	(62)	–	(26)	(2,920)	(3,008)
At 31 December 2008	55	2,666	20,491	4,250	2,623	30,085
At 1 January 2009	**55**	**2,666**	**20,491**	**4,250**	**2,623**	**30,085**
Exchange adjustments	**–**	**1**	**5**	**1**	**–**	**7**
Charge for the year	**51**	**601**	**9,404**	**702**	**902**	**11,660**
Impairment loss	**–**	**142**	**7,857**	**104**	**–**	**8,103**
Disposal	**(94)**	**–**	**(428)**	**(42)**	**–**	**(564)**
Written off	**–**	**(99)**	**(54)**	**(2)**	**–**	**(155)**
At 31 December 2009	**12**	**3,311**	**37,275**	**5,013**	**3,525**	**49,136**
Carrying amount:						
At 31 December 2009	**618**	**1,200**	**40,640**	**1,496**	**2,323**	**46,277**
At 31 December 2008	**3,205**	**2,110**	**59,437**	**2,264**	**3,224**	**70,240**

The Group's buildings in Hong Kong were revalued at 31 December 2009 based on directors' valuation by reference to the consideration of the disposal value of the buildings close to the year ended 31 December 2009.

The Group's buildings in Hong Kong were revalued at 31 December 2008, on the open market value basis by reference to market evidence of recent transactions for similar properties by B.I. Appraisals Limited, an independent firm of chartered surveyors. The valuation of the Group's buildings at 31 December 2009 was based on the consideration of the disposal of the buildings in October 2009.

The carrying amount of the Group's buildings would have been approximately HK$602,000 (2008: HK$3,247,000) had they been stated at cost less accumulated depreciation.

The Group carried out reviews of the recoverable amount of its ATM's machineries in plant and machinery, leasehold improvements and furniture, fixtures and office equipment in 2009 and 2008, which formed part of the ATM's cash-generating units, having regard to the market conditions and the business strategy of the Group's ATM business. These assets are used in the Group's ATM reportable segment. As the Group shifted the focus of its business expansion strategy on to strengthening cooperation with their existing customers and carefully reviewed the located selection strategy of ATM deployment, this led to the recognition of an impairment loss of approximately HK$8,103,000 (2008: Nil), that has been recognised in profit or loss on a pro-rata basis based on the carrying amounts of the ATM's cash-generating units.

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The recoverable amount of the ATM's cash-generating units has been determined on the basis of the fair value less costs to sell which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the ATM's cash-generating units are operated. The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the ATM business. Budgeted gross margin and turnover are based on past practices and expectations of the ATM market development. The discount rate used in measuring the fair value less costs to sell is 16% (2008: 17%). The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed the aggregate recoverable amount of the ATM's cash-generating units.

18. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments are analysed as follows:

	2009 ***HK$'000***	2008 *HK$'000*
In Hong Kong		
– long leases	**2,153**	2,155
	2,153	2,155

19. GOODWILL

	HK$'000
Cost:	
At 1 January 2008	131,495
Exchange adjustments	7,615
At 31 December 2008 and at 1 January 2009	139,110
Exchange adjustments	37
At 31 December 2009	**139,147**
Accumulated impairment:	
At 1 January 2008	82,567
Exchange adjustments	4,783
Impairment losses	51,760
At 31 December 2008 and at 1 January 2009	139,110
Exchange adjustments	37
At 31 December 2009	**139,147**
Carrying amount:	
At 31 December 2009	**–**
At 31 December 2008	–

19. GOODWILL *(Continued)*

Goodwill arose in the business combination because the consideration paid for the combination effectively included amounts in relation to the benefits of expected revenue growth and future market development. The goodwill arising from the business combination was wholly allocated to the ATM business segment, a cash-generating unit, for impairment test.

The recoverable amounts of the ATM's cash-generating units were determined from the fair value less costs to sell. The key assumptions for the fair value less costs to sell calculations were those regarding the discount rates, growth rates and budgeted gross margin and turnover during the year. The Group estimated discount rates using pre-tax rates that reflected current market assessments of the time value of money and the risk specific to the ATM's cash-generating units. The growth rates were based on long-term average economic growth rate of the geographical area in which the business of the ATM's cash-generating units was operated. Budgeted gross margin and turnover were based on past practices and expectations on market development.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3%. This rate did not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Group's provision of the ATM business was 17% in 2008.

The operating performance of the ATM reportable segment was dismal for the year ended 31 December 2008. In the opinion of the directors, it was uncertain that sufficient cash flow would be generated by the ATM's cash-generating units in the foreseeable future to substantiate the carrying amount of the goodwill and, accordingly, a further impairment of approximately HK$51,760,000 had been made and recognised, resulting in a full impairment of the goodwill as at 31 December 2008.

20. INTANGIBLE ASSETS

	Customer contracts HK$'000
Cost:	
At 1 January 2008	48,254
Exchange adjustments	2,795
At 31 December 2008 and 1 January 2009	51,049
Exchange adjustments	13
At 31 December 2009	**51,062**
Accumulated amortisation and impairment:	
At 1 January 2008	7,640
Amortisation for the year	5,044
Exchange adjustments	504
At 31 December 2008 and 1 January 2009	13,188
Amortisation for the year	5,106
Impairment losses	5,323
Exchange adjustments	3
At 31 December 2009	**23,620**
Carrying amount:	
At 31 December 2009	**27,442**
At 31 December 2008	37,861

The Group's intangible assets represent the customer contracts of Loten Technology Co., Limited and Beijing Sun Leader Technology Co., Limited. The average remaining amortisation period of the customer contracts is 7 years (2008: 8 years).

The Group carried out reviews of the recoverable amount of its intangible assets in 2009 and 2008 which formed part of the ATM's cash-generating units, having regard to the market conditions and the business strategy of the Group's ATM business. The customer contracts are included in the Group's ATM reportable segment. As the Group shifted the focus of its business expansion strategy on to strengthening cooperation with their existing customers and carefully reviewed the location selection strategy of ATM deployment, this led to the recognition of an impairment loss of approximately HK$5,323,000 (2008: Nil) for customer contracts that have been recognised in profit or loss on a pro-rata basis based on the carrying amounts of the ATM's cash-generating units.

20. INTANGIBLE ASSETS *(Continued)*

The recoverable amount of the ATM's cash-generating units has been determined on the basis of the fair value less costs to sell which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the ATM's cash-generating units are operated. The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the ATM business. Budgeted gross margin and turnover are based on past practices and expectations of the ATM market development. The discount rate used in measuring the fair value less costs to sell is 16% (2008: 17%). The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed the aggregate recoverable amount of the ATM's cash-generating units.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 ***HK$'000***	2008 *HK$'000*
Equity securities, at fair value		
Listed in Hong Kong	–	260
Listed outside Hong Kong	–	969
Market value of listed securities	–	1,229

The fair values of listed securities at 31 December 2008 were based on quoted market prices.

22. TRADE AND OTHER RECEIVABLES

	Note	2009 HK$'000	2008 HK$'000
Trade receivables	(a)	**1,292**	4,116
Prepayments, deposits and other receivables		**9,051**	2,766
		10,343	6,882

Note:

(a) The Group's trading terms with all customers are mainly on credit. The credit terms generally range from 30 to 150 days. Trade receivables with balances that are more than 6 months overdue are requested to settle all outstanding balances before any further credit is granted. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2009 HK$'000	2008 HK$'000
Current	**491**	1,096
1 to 3 months	**562**	425
3 months to 12 months	**239**	1,808
Over 1 year	**–**	787
	1,292	4,116

Included in trade and other receivables are the following amounts denominated in a currency other than the presentation currency:

	2009 '000	2008 '000
Renminbi	**592**	55
United States dollars	**–**	21

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Note: (Continued)

(b) As at 31 December 2009, an allowance was made for estimated irrecoverable trade receivables of approximately HK$6,062,000 (2008: HK$38,023,000).

Reconciliation of allowance for trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
At 1 January	**38,023**	36,493
Allowance for the year	**–**	3,961
Amounts written off	**(30,401)**	–
Amounts received	**(1,560)**	(2,573)
Exchange adjustments	**–**	142
At 31 December	**6,062**	38,023

As at 31 December 2009, trade receivables of approximately HK$801,000 (2008: HK$3,020,000) were past due but not impaired. These related to number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
Up to 3 months	**562**	425
3 months to 12 months	**239**	1,808
Over 1 year	**–**	787
	801	3,020

23. PLEDGED BANK DEPOSIT AND BANK AND CASH BALANCES

The Group's pledged bank deposit represented deposit pledged to a bank to secure banking facilities granted to the Group as set out in note 25 to the financial statements. The deposit is in HK$ and at floating interest rate ranging from 0.03% p.a. to 1.25% p.a. (2008: 1.25% p.a. to 2.75% p.a.) and therefore are subject to cash flow interest rate risk.

As at 31 December 2009, the bank and cash balances of the Group denominated in Renminbi ("RMB") amounted to approximately of HK$126,285,000 (2008: HK$193,285,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. TRADE AND OTHER PAYABLES

	Note	2009 HK$'000	2008 HK$'000
Trade payables	(a)	333	215
Other payables and accrued expenses		5,797	6,312
Receipts in advance		1,870	–
Amount due to a director	(c)	555	512
		8,555	7,039

Note:

(a) Included in trade and other payables are trade payables, based on services rendered, with the following aging analysis as of the balance sheet date:

	2009 HK$'000	2008 HK$'000
1 to 3 months	310	215
3 months to 12 months	22	–
Over 1 year	1	–
	333	215

(b) Included in trade and other payables are the following amounts denominated in a currency other than the presentation currency:

	2009 '000	2008 '000
Renminbi	50	356
United States dollars	43	44

(c) The amount is unsecured, interest free, and with no fixed terms of repayment.

25. BANKING FACILITIES

At 31 December 2009 the Group had banking facilities totalling HK$5,000,000 (2008: HK$5,000,000) of which HK$5,000,000 (2008: HK$5,000,000) was secured by a charge over the Group's fixed deposits with banks of HK$5,000,000 (2008: HK$5,000,000).

At 31 December 2009, the banking facilities were utilised to the extent of approximately HK$4,594,000 (2008: Nil).

26. CONVERTIBLE LOAN

On 14 November 2006 the Company entered into a Subscription Agreement and a Loan Agreement with a shareholder of the Company, Customers Asia Limited ("CAL"), for the issue of a three-year 8% coupon convertible loan with a nominal value of HK$62,400,000. On 4 March 2008, Leading Value Industrial Limited ("LV"), CAL and the holding company of CAL, Customers Limited jointly entered into a Sales and Purchase Agreement (the "Agreement"). Pursuant to the Agreement, CAL would sell the entire convertible loan totalling HK$62.4 million to a related party wholly owned by LV, which is in turn wholly owned by a director, Mr. Sze Wai, Macro.

The convertible loan is convertible at the option of the holder into fully paid ordinary shares with a par value of HK$0.1 each of the Company on or after 5 February 2007 up to and including 4 February 2010 at an initial conversion price of HK$0.26 per share. Upon full conversion, the convertible note shall be converted into 240,000,000 ordinary shares of the Company.

The convertible loan contains two components, liability component and conversion option derivative.

The fair value of the derivative component was estimated at the issuance date using an option pricing model and the change in fair value of that component at year-end date was recognised in the consolidated income statement. The residual amount is assigned as the liability component.

During the year, the Group early repaid the convertible loan to the holder, resulting in a loss on repayment of convertible loan totalling approximately HK$14,788,000.

	Liability component	Conversion option derivative	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2008	41,539	19,966	61,505
Interest charged *(notes 8)*	14,798	–	14,798
Interest paid during the year	(4,992)	–	(4,992)
Fair value gain for the year	–	(18,671)	(18,671)
At 31 December 2008	51,345	1,295	52,640
Interest charged *(notes 8)*	3,590	–	3,590
Interest paid during the year	(5,498)	–	(5,498)
Repayment	(64,225)	(1,295)	(65,520)
Loss on repayment	14,788	–	14,788
At 31 December 2009	**–**	**–**	**–**

26. CONVERTIBLE LOAN *(Continued)*

Fair value of conversion option derivative and assumptions

The estimate of the fair value of the conversion option derivative is measured based on the binomial model. Details of the assumptions of conversion option derivative are as follows:

Date of valuation	31 December 2009	31 December 2008
Share price (HK$)	–	0.086
Conversion price (HK$)	–	0.26
Volatility	–	80.7%
Maturity period	–	3 years
Conversion period	–	1-3 years
Risk free rate of interest	–	0.59%

The interest charged for the year is calculated by applying an effective interest rate of 40 per cent to the liability component up to the repayment date (2008: 12 months).

At 31 December 2008, the directors estimated the fair value of the liability component of the convertible loan to be approximately HK$69,175,000. This fair value had been calculated by discounting the future cash flows at the market rate.

27. EMPLOYEE RETIREMENT BENEFITS

The Company and its Hong Kong subsidiaries operate Mandatory Provident Fund Schemes (the "MPF schemes") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF schemes are defined contribution retirement schemes administered by independent trustees. Under the MPF schemes, the employers and employees are each required to make contributions to the MPF schemes at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF schemes vest immediately.

The retirement benefits costs under the MPF schemes charged to the profit or loss during the year amounted to HK$165,000 (2008: HK$170,000).

The subsidiaries of the Group in the PRC other than Hong Kong participate in pension schemes organised by the respective municipal governments whereby they are required to pay annual contributions at the rates ranging from 15% to 33% (2008: 17% to 33%) of the standard wages determined by the relevant authorities in the PRC.

Under the above schemes, retirement benefits of existing and retired employees are payable by the relevant PRC scheme administrators and the Group has no further obligations beyond the annual contributions.

The aggregate employers' contributions by the Group under the PRC pension schemes during the year amounted to HK$815,000 (2008: HK$441,000).

The Group does not operate any other scheme for retirement benefits provided to the Group's employees.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Prior to 23 May 2002, the Company operated an option scheme whereby the Board of Directors could, at their absolute discretion, grant options to employees and executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company (the "Old Scheme"). On 23 May 2002, the Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted for a period of ten years, whereby the Board of Directors may, at their absolute discretion, grant options to any eligible employees, non-executive directors, any suppliers and customers of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company.

Pursuant to a resolution of an annual general meeting held on 30 June 2006, the total number of shares in respect of which options may be granted under the New Scheme and any other operative share option schemes of the Company is not permitted to exceed 10% of the aggregate nominal amount of the issued shares of the Company as at 30 June 2006. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The offer for a grant of share options of the New Scheme may be accepted with 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and in any event not later than 10 years from the date of grant of share options subject to the provisions for early termination thereof.

For options granted before 1 September 2001, the exercise price of options was the higher of the nominal value of the shares and 80% of the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. For options granted after 1 September 2001, the exercise price of the options shall not be lower than the highest of (i) the nominal value of the shares; (ii) the closing price of the shares on the Stock Exchange's daily quotations sheet on the date of offer of the options, which must be a trading day; and (iii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the options.

At 31 December 2009, there were 52,834,653 share options granted which remained outstanding under the New and Old Schemes. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 52,834,653 additional ordinary shares of the Company and additional share capital of HK$5,283,465 and share premium of HK$9,665,539 (before share issue expenses).

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the share option schemes during the year:

Grantee	Date granted	Exercisable period	Note	Exercise price of options (note a, j) HK$	Number of share options: Outstanding at 1.1.2009	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2009
Old Scheme									
Former director									
Chu Chi Shing	16 Jun 1999	2 Oct 1999 – 5 Jul 2009	(b, j)	0.806	2,813,861	–	–	(2,813,861)	–
	28 Dec 1999	1 Feb 2001 – 16 Jan 2010	(d, j)	0.985	267,987	–	–	(267,987)	–
	14 May 2001	1 Oct 2001 – 2 Jun 2011	(e, j)	0.433	267,987	–	–	(267,987)	–
Director									
Sze Wai, Marco	14 May 2001	1 Oct 2001 – 2 Jun 2011	(e, j)	0.433	4,689,769	–	–	–	4,689,769
Employees	16 Jun 1999	2 Oct 1999 – 5 Jul 2009	(b, j)	0.806	422,080	–	–	(422,080)	–
	20 Dec 1999	2 Jan 2001 – 8 Jan 2009	(c, j)	0.843	133,993	–	–	(133,993)	–
	14 May 2001	1 Oct 2001 – 2 Jun 2011	(e, j)	0.433	2,344,884	–	–	–	2,344,884
New Scheme									
Former director									
Chu Chi Shing	31 Oct 2006	1 May 2007 – 30 Oct 2016	(h)	0.250	2,000,000	–	–	(2,000,000)	–
Directors									
Song Jing Sheng	31 Oct 2006	1 May 2007 – 30 Oct 2016	(h)	0.250	2,000,000	–	–	–	2,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	(i)	0.270	–	1,500,000	–	–	1,500,000
Sze Wai, Marco	31 Oct 2006	1 May 2007 – 30 Oct 2016	(h)	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	(i)	0.270	–	1,500,000	–	–	1,500,000
Tan Shu Jiang	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	(i)	0.270	–	4,000,000	–	–	4,000,000

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

					Number of share options				
Grantee	Date granted	Exercisable period	*Note*	Exercise price of options *(note a, j)* *HK$*	Outstanding at 1.1.2009	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2009
Independent non-executive directors									
Chong Yiu Kan, Sherman	31 Oct 2006	1 May 2007 – 30 Oct 2016	*(h)*	0.250	500,000	–	–	–	500,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	*(i)*	0.270	–	1,500,000	–	–	1,500,000
Mao Zhenhua	31 Oct 2006	1 May 2007 – 30 Oct 2016	*(h)*	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	*(i)*	0.270	–	1,500,000	–	–	1,500,000
Wong Po Yan	31 Oct 2006	1 May 2007 – 30 Oct 2016	*(h)*	0.250	1,000,000	–	–	–	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	*(i)*	0.270	–	1,500,000	–	–	1,500,000
Employees	20 Mar 2006	21 Mar 2006 – 20 Mar 2016	*(f)*	0.122	2,000,000	–	–	–	2,000,000
	04 Oct 2006	4 Apr 2007 – 4 Oct 2016	*(g)*	0.213	3,000,000	–	(2,000,000)	–	1,000,000
	31 Oct 2006	1 May 2007– 30 Oct 2016	*(h)*	0.250	500,000	–	–	(500,000)	–
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	*(i)*	0.270	–	25,800,000	–	–	25,800,000
					23,940,561	37,300,000	(2,000,000)	(6,405,908)	52,834,653

Notes:

(a) The exercise price of the share options is subject to adjustment in the case of a rights or bonus issue, or other similar changes in the Company's share capital.

(b) All of these options have duration of 10 years from the date of grant, provided that the options may not be exercised prior to the date of 2 October 1999 and that the options may not be exercised in respect of more than 10%, 30%, 60% and 90% of the options prior to the dates of 2 January 2000, 2 January 2001, 2 January 2002 and 2 July 2002 respectively. The exercise price and number of outstanding share options have been adjusted due to the completion of the rights issue with effect from 23 March 2006 (note j).

(c) All of these options have duration of 10 years from the date of grant, provided that the options may not be exercised prior to the date of 2 January 2001 and that the options may not be exercised in respect of more than 30% and 60% prior to the dates of 2 January 2002 and 2 January 2003 respectively. The exercise price and number of outstanding share options have been adjusted due to the completion of the rights issue with effect from 23 March 2006 (note j).

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Notes: (Continued)

(d) All of these options have duration of 10 years from the date of grant, provided that the options can only be exercised from the date of 1 February 2001. The exercise price and number of outstanding share options have been adjusted due to the completion of the rights issue with effect from 23 March 2006 (note j).

(e) All of these options have duration of 10 years from the date of grant, provided that the options may not be exercised prior to the date of 1 October 2001 and that the options may not be exercised in respect of more than 40% and 70% prior to the dates of 2 January 2002 and 2 January 2003 respectively. The exercise price and number of outstanding share options have been adjusted due to the completion of the rights issue with effect from 23 March 2006 (note j).

(f) All of these options have duration of 10 years from the date of grant and the options can be exercised from the date of grant.

(g) All of these options have duration of 10 years from the date of grant, provided that the options may not be exercised prior to the date of 4 April 2007 and that the options may not be exercised in respect of more than 50% prior to 4 October 2007 respectively.

(h) All of these options have duration of 10 years from the date of grant, provided that the options may not be exercised prior to the date of 1 May 2007 and that the options may not be exercised in respect of more than 50% prior to 1 November 2007 respectively.

(i) All of these options have duration of 10 years from the date of grant, provided that the options can only be exercised from the date of 24 December 2009.

(j) As a result of the completion of the Rights Issue on 23 March 2006, the outstanding share options granted and the exercise price thereof were adjusted as below:

		Option			**Exercise price**	
Date granted		**Before Adjustment**	**Adjustment**	**After adjustment**	**Before adjustment**	**After adjustment**
	Note				*HK$*	*HK$*
16 Jun 1999	*(b)*	4,981,000	1,693,211	6,674,211	1.080	0.806
20 Dec 1999	*(c)*	100,000	33,993	133,993	1.130	0.843
28 Dec 1999	*(d)*	850,000	288,944	1,138,944	1.320	0.985
14 May 2001	*(e)*	8,950,000	3,042,409	11,992,409	0.580	0.433

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

The number and weighted average exercise price of the share options are as follows:

	2009		2008	
	Number of share options	**Weighted average exercise price** ***HK$***	Number of share options	Weighted average exercise price *HK$*
Outstanding at the beginning of the year	**23,940,561**	**0.377**	27,661,736	0.396
Granted during the year	**37,300,000**	**0.27**	–	–
Lapsed during the year	**(6,405,908)**	**0.582**	(3,721,175)	0.52
Exercised during the year	**(2,000,000)**	**0.213**	–	–
Outstanding at the end of the year	**52,834,653**	**0.283**	23,940,561	0.377
Exercisable at the end of the year	**52,834,653**	**0.283**	23,940,561	0.377

The weighted average share price at the exercise date of the share options during the year was HK$0.213. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.96 years (2008: 5.02 years) and the exercise prices range from HK$0.122 to HK$0.433 (2008: HK$0.122 to HK$0.985).

The fair value of option granted during the year determined at the grant date using the Binomial Option Pricing Model was approximately HK$7,460,000. The significant inputs into the model were as follows:

	24 June 2009
Option value	HK$0.2
Total fair value	HK$7,460,000
Share price at date of grant	HK$0.27
Exercisable price	HK$0.27
Expected volatility	90%
Expected life	8.5 years
Risk-free interest rate	2.79%
Suboptimal exercise factor	4.8
Dividend yield	0%

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

The expected volatility was determined by calculating the historical volatility of the Company's share price from the date of listing to grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The total share-based compensation costs recognised during the year amounted to approximately HK$7,460,000 (2008: Nil).

29. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group.

	Intangible assets *HK$'000*	Revaluation of properties *HK$'000*	Total *HK$'000*
At 1 January 2008	7,110	535	7,645
Charged to equity for the year	–	(11)	(11)
Charged back to profit or loss for the year *(note 9)*	(832)	(17)	(849)
Exchange adjustments	398	–	398
At 31 December 2008	6,676	507	7,183
At 1 January 2009	**6,676**	**507**	**7,183**
Charged back to profit or loss for the year *(note 9)*	**(2,150)**	**(382)**	**(2,532)**
Exchange adjustments	**2**	**–**	**2**
At 31 December 2009	**4,528**	**125**	**4,653**

The Group has not recognised deferred tax assets in respect of tax losses of approximately HK$129,358,000 (2008: HK$103,576,000) available for offset against future profits due to the unpredictability of future profits streams. The tax losses do not expire under current tax legislation.

30. SHARE CAPITAL

	2009		2008	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**3,000,000**	**300,000**	3,000,000	300,000
Issued and fully paid:				
At 1 January	**1,841,285**	**184,128**	1,841,285	184,128
Exercise of share options	**2,000**	**200**	–	–
At 31 December	**1,843,285**	**184,328**	1,841,285	184,128

All the shares issued by the Company rank pari passu and do not carry pre-emptive right.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

31. RESERVES

(a) The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Nature and purposes of reserves

(i) Share premium

Under the Companies Act 1981 of Bermuda (as amended), the funds in the share premium account are distributable in the form of fully paid bonus shares.

(ii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to executive directors, employees and non-executive directors of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(r) to the financial statements.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(c) to the financial statements.

(iv) Warrants reserve

Warrants reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium account upon the exercise of the warrants.

(v) Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted for revaluation of land and buildings in note 3(d) to the financial statements.

(vi) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(i) to the financial statements.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2009	2008
	HK$'000	*HK$'000*
Non-current assets	**531**	835
Available-for-sale financial assets	**–**	260
Investments in subsidiaries	**86**	86
Amounts due from subsidiaries	**371,272**	465,328
Impairment losses on amounts due from subsidiaries	**(288,763)**	(324,906)
Trade and other receivables	**8,194**	1,953
Bank and cash balances	**32,506**	48,234
Trade and other payables	**(4,220)**	(5,701)
Derivative component of convertible loan	**–**	(1,295)
Convertible loan	**–**	(51,345)
Net assets	**119,606**	133,449
Share capital	**184,328**	184,128
Reserves	**(64,722)**	(50,679)
Total equity	**119,606**	133,449

33. COMMITMENTS

(a) Lease commitments

At 31 December 2009 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**4,887**	3,275
In the second to fifth years inclusive	**5,282**	2,565
	10,169	5,840

Operating lease payments represent rentals payable by the Group for its offices and ATM deployment. Leases are negotiated for a range of one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

33. COMMITMENTS *(Continued)*

(b) Capital commitments

The Group's capital commitments at the balance sheet date are as follows:

	2009 HK$'000	2008 HK$'000
Property, plant and equipment		
Contracted but not provided for	963	–

34. CONTINGENT LIABILITIES

At 31 December 2009, the Group did not have any significant contingent liabilities (2008: Nil).

35. MATERIAL RELATED PARTY TRANSACTIONS

(a) A list of related parties and their relationships with the Group are as follows:

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group has the following material transactions during the year ended 31 December 2009 with related parties in which directors or shareholders of the Group is in a position to exercise significant influence:

	Note	2009 HK$'000	2008 HK$'000
Convertible loan interest paid to a related company	(a)	5,498	–
Convertible loan principal paid to a related company		65,520	–
Convertible loan interest paid to an ex-shareholder	(b)	–	4,992

35. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) A list of related parties and their relationships with the Group are as follows: *(Continued)*

Note:

(a) The amount represented 8% coupon convertible loan interest paid to a related company.

(b) The amount represented 8% coupon convertible loan interest paid to an ex-shareholder.

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary course of business.

(b) Included in the trade and other payables is the following balance with related parties:

	2009	2008
	HK$'000	*HK$'000*
Included in the trade and other payables		
A director		
– Sze Wai, Marco	**555**	512

The above amount due is interest free, unsecured and with no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2009	2008
	HK$'000	*HK$'000*
Short term employee benefits	**5,314**	6,074
Share-based payment	**3,100**	–
Post-employment benefits	**49**	64
	8,463	6,138

36. EVENTS AFTER THE REPORTING PERIOD

(a) On 27 October 2009, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of its land and buildings situated in Hong Kong for a cash consideration of HK$6,300,000. This transaction was completed on 9 February 2010 and resulted in a gain on disposal before tax of approximately HK$3,529,000.

(b) On 24 June 2009, 21 October 2009 and 19 January 2010, the Company and the placing agent, Shenyin Wanguo Securities (H.K.) Limited, entered into a placing agreement and supplemental agreements in relation to the proposed placing of convertible bonds with unlisted warrants ("Placing Agreement"). Pursuant to the Placing Agreement and the supplemental agreements, the Company will issue the zero coupon convertible redeemable bonds ("Convertible Bonds") up to an aggregate principal amount of HK$75,712,200. Based on the conversion price of HK$0.257 per conversion share, a maximum number of 294,600,000 conversion shares (with an aggregate nominal value of HK$29,460,000) will fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full. The first registered holder of each HK$1.028 Convertible Bonds will also be issued one unlisted detachable warrant ("Warrants"). Assuming the maximum amount of HK$75,712,200 Convertible Bonds are placed, Warrants to subscribe for shares of up to HK$22,095,000 will fall to be issued and up to 73,650,000 new shares of the Company will be issued by the Company upon the exercise of the subscription rights attaching to the Warrants in full at the subscription price of HK$0.30 per share. The placing agent shall, on a best effort basis during the period from the date of the Placing Agreement (i.e. 24 June 2009) to the completion of the placing (which periods have been extended to 22 January 2010 and 22 April 2010 by the supplemental agreements dated 21 October 2009 and 19 January 2010 respectively, or such other date as the Company and the placing agent may agree in writing). Further details of Convertible Bonds with unlisted warrants are set out in the announcements of the Company dated 24 June 2009, 21 October 2009 and 19 January 2010. Up to the date of this report, no Convertible Bonds and Warrants have yet been allotted and issued.

(c) On 22 March 2010, a new wholly-owned subsidiary of the Company, Maxing Investment Limited (the "Purchaser"), a company incorporated in the BVI and Truffle Rich Holdings Limited (the "Vendor"), also a company incorporated in the BVI, entered into a conditional sale and purchase agreement in relation to a proposed acquisition of the entire issued share capital of a target company, Spring Vast Limited and its subsidiaries.

Pursuant to the agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the shares at a consideration of US$300 million for the acquisition and sales of a business engaged in geological exploration and commercial mining of placer gold deposits and hard rock gold deposits, with eight gold mining and exploration projects in Russia. These projects are geographically dispersed over eastern Russia and include three producing alluvial gold mining operations, a proposed underground gold mine which is at a feasibility study stage, and four gold exploration projects.

According to the terms of the agreement, the consideration shall be settled by cash, the issue and allotment of consideration shares and preferred shares of the Company.

Further details of the proposed acquisition are set out in the announcement of the Company dated 22 March 2010.

37. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2009 are as follows:

Name of subsidiaries	Place of incorporation/ establishment and operation	Attributable ownership interest percentage Direct	Attributable ownership interest percentage Indirect	Issued and paid up/ registered capital	Principal activities
Win Perfect Limited	British Virgin Islands ("BVI")	100	–	US$11,000	Investment holding
Stepping Stones Limited	BVI	–	100	US$11,000	Investment holding
Kayford Investment Limited	BVI	–	100	US$1	Investment holding
Emperor Dragon International Limited	BVI	–	100	US$500	Investment holding
China Star Group (Hong Kong) Corporation Limited	Hong Kong	–	100	HK$100,000	Dormant
Fortune Jet International Limited	Hong Kong	–	100	HK$10,000,000	Investment holding
Regal Harbour Limited	Hong Kong	–	100	HK$2	Property holding
Fortune Years Limited	Hong Kong	–	100	HK$2	Dormant
Start Technology (Beijing) Co., Ltd. *(note a)*	PRC	–	100	RMB10,000,000	Dormant
Beijing Sun Leader Technology Co., Ltd. *(note a)*	PRC	–	100	RMB60,000,000	Provision of ATMs services
Loten Technology Co., Ltd. *(note a)*	PRC	–	100	RMB50,000,000	Dormant
Shenzhen FinTronics Information Services Ltd. *(note b)*	PRC	–	100	RMB5,000,000	Provision of ATMs services
FinTronics (Shanghai) Technology Co., Ltd. *(note a)*	PRC	–	100	RMB2,003,970	Dormant
Smart Goal Development Ltd	Hong Kong	–	100	HK$1	Dormant

Notes:

(a) These are wholly foreign-owned companies established in the PRC.

(b) This is a domestic limited liability company established in the PRC.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2010.

Five Years Financial Summary

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Results					
Turnover	**11,876**	13,013	66,505	156,205	239,506
Loss from ordinary activities before tax	**(83,798)**	(98,915)	(27,480)	(199,428)	(74,559)
Income tax credit/(expense)	**2,042**	165	881	(324)	(1,727)
Loss from ordinary activities after tax	**(81,756)**	(98,750)	(26,599)	(199,752)	(76,286)
Minority interests	**–**	–	455	(2,380)	(1,954)
Loss attributable to equity holders	**(81,756)**	(98,750)	(26,144)	(202,132)	(78,240)
Assets and liabilities					
Fixed assets	**48,430**	72,395	75,491	62,493	20,647
Available-for-sale financial assets	**–**	1,229	–	–	–
Goodwill	**–**	–	48,928	45,629	–
Intangible assets	**27,442**	37,861	40,614	42,375	1,469
Interests in associates	**–**	–	–	–	79,789
Investment funds	**–**	–	–	–	141,322
Pledged deposits	**5,000**	5,000	29,646	17,516	17,516
Net current assets	**155,598**	247,494	251,849	58,334	8,383
Total assets less current liabilities	**236,470**	363,979	446,528	226,347	269,126
Non-current liabilities	**(4,653)**	(58,528)	(49,277)	(11,961)	(4,044)
	231,817	305,451	397,251	214,386	265,082
Share capital	**184,328**	184,128	184,128	136,778	52,864
Reserves	**47,489**	121,323	213,123	70,385	208,533
Minority interests	**–**	–	–	7,223	3,685
	231,817	305,451	397,251	214,386	265,082
Loss per share (cents)					
Basic	**(4.44)**	(5.36)	(1.60)	(20.34)	(13.09)
Diluted	**N/A**	N/A	N/A	N/A	N/A