



China Electronics

Corporation Holdings Company Limited

中國電子集團控股有限公司

(Stock Code 股份代號: 00085)



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Corporate Information

公司資料

BOARD OF DIRECTORS

Non-executive Directors

Rui Xiaowu (*Chairman*)
Zhao Guiwu (*Vice Chairman*)

Executive Directors

Fan Qingwu (*Managing Director*)
Liu Jinping

Independent Non-executive Directors

Chan Kay Cheung
Wong Po Yan
Yin Yongli

AUDIT COMMITTEE

Chan Kay Cheung (*Chairman*)
Wong Po Yan
Yin Yongli

REMUNERATION COMMITTEE

Wong Po Yan (*Chairman*)
Chan Kay Cheung
Yin Yongli
Fan Qingwu

COMPANY SECRETARY

Ng Kui Kwan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Room 3403, 34th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

董事會

非執行董事

芮曉武 (*主席*)
趙貴武 (*副主席*)

執行董事

范卿午 (*董事總經理*)
劉晉平

獨立非執行董事

陳棋昌
黃保欣
尹永利

審核委員會

陳棋昌 (*主席*)
黃保欣
尹永利

薪酬委員會

黃保欣 (*主席*)
陳棋昌
尹永利
范卿午

公司秘書

伍舉鈞

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港主要辦事處

香港
灣仔
港灣道26號
華潤大廈
34樓3403室

Corporate Information 公司資料

INVESTOR RELATIONS

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Website: www.cecholding.com
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STOCK CODE

00085

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of Beijing Co., Ltd

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong Law
Jun He Law Offices

As to Bermuda Law
Conyers Dill & Pearman

投資者關係聯絡

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股份代號

00085

主要往來銀行

中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
北京銀行股份有限公司

股份登記總處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

香港股份過戶登記分處

卓佳雅柏勤有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

核數師

羅兵咸永道會計師事務所

法律顧問

香港法律
君合律師事務所

百慕達法律
Conyers Dill & Pearman

Chairman's Statement

主席報告



On behalf of the board of directors (the "Board") of China Electronics Corporation Holdings Company Limited (the "Company"), I am pleased to report that the Company together with its subsidiaries (the "Group") achieved strong growth in its results for the year 2011 with sale revenue of HK\$995.1 million, representing an increase of 73.2% when comparing with the corresponding period of last year, the profit attributable to shareholders of the Company reached HK\$114.7 million, representing an increase of 91.3% when comparing with the corresponding period of last year.

In 2011, through implementing various measures in product mix adjustment, deepening our efforts in product innovation, intensifying market promotion, the Group achieved sustained growth with flourishing results. Since 2009, through three years of relentless efforts, the Group accomplished in balancing the development of its product mix – sale revenue of each of the telecommunications card chips, social security card chips and identity card chips accounted for over 15% of sale revenue in 2011; and the sale revenue of the aforesaid three types of products in aggregate represented over 70% of total sale revenue. In 2011, the Group continued to strengthen its efforts in technology research and introduced many new products targeting at the telecommunications, social security and electricity sectors and was widely accepted by customers, thereby further consolidating the leading position of our principal products in the market.

本人謹代表中國電子集團控股有限公司（「本公司」）董事會（「董事會」）欣然宣佈，2011年本公司及其附屬公司（「本集團」）業績實現強勁增長，實現銷售收入995.1百萬港元，較去年同期增長73.2%，本公司股東應佔溢利為114.7百萬港元，較去年同期增長91.3%。

2011年，本集團通過調整產品結構、深化產品創新、加大市場推廣等多項舉措實現持續增長並創出佳績。自2009年起，歷經三年的不懈努力，本集團成功實現產品結構多元化均衡發展－移動通信卡芯片、社會保障卡芯片和身份證卡芯片等三類產品的銷售收入在2011年銷售收入中所佔比例均超過15%，合計佔總銷售收入70%以上；本集團2011年持續加大科研投入力度，針對移動通信、社會保障、電力等行業領域推出多款新產品，獲得客戶首肯，進一步鞏固了主要產品在市場的領先地位。

Chairman's Statement

主席報告

Looking forward into 2012, with increasing focus in developing the telecommunications, social security and information security sectors domestically, the overall market size of the PRC smart cards industry will continue its growth momentum in 2012, nevertheless, as the market is being affected by both international and domestic uncertain economic conditions, the pace of market growth may slow down and market price competition will further intensify. Facing such complicated external environment, the Group, under China Electronics Corporation Limited's strategy of "Further strengthening the strategic position of our principal businesses in the development of the PRC, optimising resources allocation, creating synergy across sectors", will continue to leverage on the strength of its expertise, deepening its technology innovation and accumulation, and through various channels such as merger and acquisition, restructuring and business cooperation as well as inducing high calibre team, so as to expand its business coverage, extend its industry chain, add value to the business, improve the profitability, accelerate future growth momentum and bring rewarding returns to our shareholders.

Mr. Xiong Qunli resigned as Chairman and non-executive director of the Company in August last year due to a change of work arrangement. On behalf of the Board, I would like to thank Mr. Xiong for his invaluable contributions during his term of office.

On behalf of the Board, I would like to thank all staff member for their contributions and efforts in the past year. I would also like to express our most sincere gratitude to our shareholders and business partners for their continuing co-operation and support.

Rui Xiaowu
Chairman

Hong Kong, 27 February 2012

展望2012年，隨著國內對移動通信、社會保障、信息安全等領域的投入加大，中國智能卡產業預計2012年整體市場規模將繼續增長，但受到國際和國內經濟形勢不確定性的影響，市場增長速度將可能放緩，市場價格競爭會進一步加劇。面對複雜的外部環境，本集團將在中國電子信息產業集團有限公司關於「進一步強化主導產業在國家發展中的戰略地位，優化資源配置，發揮產業協同效應」的戰略指導下，繼續發揮自身優勢，深化自主創新與技術積累，通過併購重組、業務合作和吸引優秀團隊等多種方式，拓展業務領域、延伸產業鏈條，提升產業附加值和盈利水平，加快未來增長步伐，為股東創造豐厚回報。

熊群力先生因工作變動原因而於去年8月辭任本公司主席及非執行董事職務。本人謹代表董事會衷心感謝熊先生於任內作出之寶貴貢獻。

本人謹代表董事會，對公司全體同仁在過去一年的辛勤工作與不懈努力表示由衷的感謝，並對各位股東及合作夥伴長期以來的合作與支持深表謝意！

主席
芮曉武

香港，2012年2月27日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The Group's integrated circuits design business comprises the design of integrated circuits chips and the development of application system. Currently, our products are mainly used in smart cards such as identity cards, social security cards, telecommunications cards and electric cards. Our products are also applied in wireless local area networks. For the year ended 31 December 2011, the Group has obtained 17 new patents, and registered another 16 computer software copyrights and 11 integrated circuits layout designs.

The Group's revenue for the year ended 31 December 2011 amounted to HK\$995.1 million, representing an increase of 73.2% when comparing with the corresponding period of last year. For the year ended 31 December 2011, sales of a number of our main products recorded significant increase with more balance product mix when comparing with the corresponding period of last year. In particular, sales of telecommunications card chips increased by 180.2%, sales of social security card chips increased by 82.9%, sales of identity card chips increased by 58.4%, with the total sale revenue of the aforesaid three types of products amounting to HK\$706.4 million. During the year, overall gross profit margin, which was still maintained at industry level, dropped 3.9% to 33.1% mainly due to faster growth in lower gross profit margin telecommunications card chips business than that of the other smart card chips business.

Selling and marketing costs for the year were HK\$41.3 million. Despite sales volume for the year has more than double when comparing with the corresponding period of last year, selling and marketing costs were effectively controlled and recorded a moderate increase of 27% when comparing with the corresponding period of last year.

Administrative expenses increased by 35.4% to HK\$189.3 million for the year ended 31 December 2011. This was mainly attributable to the increase in research and development costs. Research and development costs were HK\$139 million in 2011 (2010: HK\$93.9 million), which represented 14% of the revenue for the year ended 31 December 2011 (2010: 16.3%). Research and development during the year primarily focused on the EMV card, RFID ("radio frequency identification") and mobile payment card chips products.

業務回顧

本集團之集成電路設計業務涵蓋集成電路之芯片設計及應用系統開發。目前產品主要覆蓋身份證卡、社會保障卡、移動通信卡及電表卡等智能卡應用領域，也應用於無線局域網絡。截至2011年12月31日止年度，本集團新增授權專利17項、電腦軟件著作權登記16項及集成電路版圖設計登記11項。

本集團於2011年12月31日止年度之業務收入為995.1百萬港元，較去年同期增長73.2%。截至2011年12月31日止年度，多項主要產品銷售較去年同期大幅增長，產品結構更趨合理，其中，移動通信卡芯片之銷售實現增長180.2%，社會保障卡芯片之銷售實現增長82.9%，身份證卡芯片之銷售實現增長58.4%，以上三類產品銷售收入共計706.4百萬港元。由於毛利率較低之移動通信卡芯片業務增長較其他智能卡芯片業務快，年內整體毛利率下降3.9%，但仍保持在33.1%之行業水平。

年內銷售及市場推廣成本為41.3百萬港元。儘管銷售量增加至去年同期之兩倍多，通過嚴格控制成本，年內銷售及市場推廣成本較去年同期只輕微上升27%。

截至2011年12月31日止年度行政開支上升35.4%至189.3百萬港元，上升之主因為研究及開發成本增加。2011年度之研究及開發成本為139百萬港元（2010年：93.9百萬港元），佔截至2011年12月31日止年度收入之14%（2010年：16.3%）。年內研究及開發主要側重於金融IC卡、RFID（「無線射頻識別」）及移動支付卡芯片產品之開發。

Management Discussion and Analysis

管理層討論及分析

Government grants received increased by 55.4% to HK\$28.8 million for the year ended 31 December 2011 resulted from more government subsidies for research and development costs incurred by the Group in 2011.

For the year ended 31 December 2011, the profit attributable to owners of the Company was HK\$114.7 million (2010: HK\$59.9 million), and the basic earnings per share was HK6.78 cents (2010: HK3.54 cents).

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2011 (2010: nil).

FINANCIAL RESOURCES AND LIQUIDITY

The Group finances its operations primarily by internal resources and short term bank loans. At 31 December 2011, the Group had cash and cash equivalents amounted to HK\$329.5 million, 68% of which was denominated in Renminbi, 31.8% in United States dollars and 0.2% in Hong Kong dollars (2010: HK\$267.3 million, 74% of which was denominated in Renminbi, 3.7% in United States dollars and 22.3% in Hong Kong dollars).

At 31 December 2011, the Group had short term bank loans of HK\$24.7 million, which were denominated in Renminbi (2010: HK\$23.5 million, which were denominated in Renminbi). The bank loans were borrowed at contracted fixed interest rate. At 31 December 2011, committed borrowing facilities available to the Group but not drawn amounted to HK\$49.3 million. The Group's revenue are mainly denominated in Renminbi and payments are denominated in Renminbi and Hong Kong dollars. The Group will make use of hedging contracts, when appropriate, to hedge the risk of foreign exchange fluctuation arising from its operations.

At 31 December 2011, the Group had net current assets of HK\$555.3 million (2010: HK\$423.7 million). The overall gearing ratio, which is calculated as the total liabilities over total assets of the Group, was 42.4% (2010: 44.9%).

由於本集團就2011年發生研究及開發成本獲得之政府補助增加，截至2011年12月31日止年度之政府補助上升55.4%至28.8百萬港元。

截至2011年12月31日止年度，本公司權益持有者應佔溢利為114.7百萬港元（2010年：59.9百萬港元），而每股基本盈利為6.78港仙（2010年：3.54港仙）。

董事會不建議派付截至2011年12月31日止年度之末期股息（2010年：無）。

財務資源及流動資金

本集團主要以內部資源及短期銀行貸款為其業務提供資金。於2011年12月31日，本集團持有現金及現金等價物為329.5百萬港元，分別有68%以人民幣、31.8%以美元及0.2%以港元持有（2010年：267.3百萬港元，分別有74%以人民幣、3.7%以美元及22.3%以港元持有）。

於2011年12月31日，本集團的短期銀行貸款為24.7百萬港元並以人民幣計值（2010年：23.5百萬港元，以人民幣計值）。銀行貸款按已訂約的固定利率借貸。於2011年12月31日，本集團尚未動用之已承諾借貸備用額為49.3百萬港元。本集團收入主要以人民幣結算而付款以人民幣及港元結算。本集團會於適時利用對沖合約對沖源自其業務的外匯波動風險。

於2011年12月31日，本集團流動資產淨值為555.3百萬港元（2010年：423.7百萬港元）。整體資本負債比率（以本集團的總負債除以總資產計算）為42.4%（2010年：44.9%）。

Management Discussion and Analysis

管理層討論及分析

PLEDGE OF ASSETS

At 31 December 2011, the Group did not have any pledged asset (2010: nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2011, the Group did not have any material capital commitment (2010: nil) for the acquisition of fixed assets and intangible assets. The Group did not have any material contingent liability at 31 December 2011 (2010: nil).

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2011, the Group had approximately 290 employees, the majority of whom were based in PRC. Employee benefit expenses during the year were HK\$101.5 million.

The Group recognises the importance of high calibre and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are largely in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. Bonus and other merit payments are linked with the performance of the Group and of the individuals as incentive to optimise performance. The Company has in place a share option scheme, pursuant to which share options may be granted to selected personnel of the Group, with a view to encouraging employees to work towards enhancing the value of the Group.

資產抵押

於2011年12月31日，本集團並無任何資產抵押（2010年：無）。

資本承擔及或有負債

於2011年12月31日，本集團就購買固定資產及無形資產並無任何重大資本承擔（2010年：無）。於2011年12月31日，本集團並無任何重大或有負債（2010年：無）。

僱員及薪酬政策

於2011年12月31日，本集團僱用約290名僱員，大部份於中國內地工作。年內僱員福利開支為101.5百萬港元。

本集團意識到優秀人才及能幹僱員的重要性，並備有嚴謹的招聘政策及工作表現評估計劃。僱員的薪酬政策與業內慣例大致相符，乃按表現及工作經驗為基準制訂並定期作出檢討。花紅及其他獎賞乃視乎本集團及個別僱員表現而釐定，以鼓勵僱員達致最佳表現。本公司設有購股權計劃，據此可向本集團選定的人士授予購股權，目的是鼓勵僱員致力提升本集團的價值。

Corporate Governance Report 企業管治報告

The Company is committed to achieving the best corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company is dedicated to exercise corporate governance through regular reviews of its adopted practices with reference to the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company has complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2011. The following summarises the corporate governance practices adopted by the Company.

BOARD OF DIRECTORS

The board of directors (the “Board”) of the Company consists of two executive directors, two non-executive directors and three independent non-executive directors. The Chairman of the Board is a non-executive director, who is responsible for leading and overseeing the functioning of the Board and the strategic development of the Group. The Managing Director is delegated with the authority and responsible for managing the Group’s business, and the implementation of the Group’s strategies in achieving the overall business objectives. There are no financial, business, family or other material relationships among the directors (including the Chairman and the Managing Director).

All the directors, including the non-executive directors, will be subject to retirement by rotation every three years in accordance with the Listing Rules and the bye-laws of the Company. The remuneration of the directors are determined with reference to their duties, responsibilities and experience, and to the prevailing market conditions.

The Board is responsible for the formulation of long term business objectives, strategies and plans, and to monitor and control the operating and financial performance of the Group. The day-to-day operations and implementation of business objectives are delegated to the Managing Director. The management is delegated with proper authority to carry out daily operations and duties.

本公司努力實踐最高水平的企業管治常規，尤其注重問責、透明、獨立、責任和公平方面。本公司認真執行企業管治，參考香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「企業管治守則」）定期檢討所採納的企業管治常規。

本公司於截至2011年12月31日止年度內已遵守企業管治守則的所有適用守則條文。下文概述本公司採納的企業管治常規。

董事會

本公司董事會（「董事會」）由兩名執行董事、兩名非執行董事及三名獨立非執行董事組成。董事會主席為非執行董事，負責領導並監察董事會的運作，以及本集團的策略發展。董事總經理獲授權並專責本集團業務之管理及落實本集團的策略，以達成整體經營目標。董事（包括主席及董事總經理）之間並無任何財務、商業、家族或其他重大關係。

所有董事（包括非執行董事）均須遵照上市規則及本公司的公司章程細則每三年輪流退任一次。董事薪酬乃參照彼等的職務、職責及經驗，以及市場現況而釐定。

董事會的責任是訂下長遠經營目標、策略和藍圖，以及監察和調控本集團的營運及財務表現。集團日常營運及經營目標的落實則交由董事總經理負責。管理層已獲授予所需權力，以執行日常營運及職責。

Corporate Governance Report 企業管治報告

The Board has the power and is responsible for appointing new directors to fill a casual vacancy or as an addition to the Board. The Board will consider whether the candidate's skills, knowledge and experience meet the requirements of the Company when considering a nomination. In 2011, a board meeting was held, at which all members of the Board were present, to consider and approve the nomination and appointment of Mr. Rui Xiaowu as Chairman of the Board and non-executive director of the Company. When considering Mr. Rui's nomination and appointment, the Board has applied the above mentioned criteria and procedures.

All directors have actively participated in the review and monitoring of the Company's business. A list of members of the Board and their attendance record at the board meetings held in 2011 are set out below:

Number of full board meetings held in 2011: 4

董事會有權及負責委任新董事以填補臨時空缺或新增董事會成員。董事會在考慮提名時將考慮獲提名人選的才幹、知識及經驗是否符合本公司的要求。於2011年，就考慮及批准芮曉武先生為董事會主席及本公司非執行董事的提名及委任舉行一次董事會會議；所有董事會成員均有出席。於考慮芮先生之提名及委任時，董事會已應用上述標準及程序。

各董事均積極參與檢討及監察本公司業務。董事會成員名單及彼等於2011年舉行的董事會會議之出席記錄如下：

2011年舉行的全體董事會會議次數：4次

Member of the Board 董事會成員		Number of meetings attended 出席會議次數
Non-executive directors	非執行董事	
Rui Xiaowu (<i>Chairman</i>) (<i>Note 1</i>)	芮曉武 (<i>主席</i>) (<i>附註1</i>)	3
Xiong Qunli (<i>Note 2</i>)	熊群力 (<i>附註2</i>)	2
Zhao Guiwu (<i>Vice Chairman</i>)	趙貴武 (<i>副主席</i>)	3
Executive directors	執行董事	
Fan Qingwu (<i>Managing Director</i>)	范卿午 (<i>董事總經理</i>)	4
Liu Jinping	劉晉平	4
Independent non-executive directors	獨立非執行董事	
Chan Kay Cheung	陳棋昌	4
Wong Po Yan	黃保欣	4
Yin Yongli	尹永利	4

Notes:

- (1) Mr. Rui Xiaowu was appointed Chairman of the Board and non-executive director on 5 August 2011.
- (2) Mr. Xiong Qunli resigned as Chairman of the Board and non-executive director on 5 August 2011.

附註：

- (1) 芮曉武先生於2011年8月5日獲委任為董事會主席及非執行董事。
- (2) 熊群力先生於2011年8月5日辭任董事會主席及非執行董事。

The biographies of the directors are set out on pages 14 to 17 of the annual report.

董事簡歷載於年報第14頁至第17頁。

Corporate Governance Report 企業管治報告

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 December 2011.

REMUNERATION COMMITTEE

The remuneration committee comprises three independent non-executive directors, namely Mr. Wong Po Yan, Mr. Chan Kay Cheung and Mr. Yin Yongli and an executive director Mr. Fan Qingwu. Mr. Wong Po Yan is the chairman of the remuneration committee. The terms of reference of the remuneration committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The principal responsibilities of the remuneration committee include reviewing and recommending to the Board the remuneration policy and the remuneration of the directors and the senior management.

The remuneration committee held three meetings in 2011 to review the remuneration policy and the remuneration of the directors and the senior management. All the members of the remuneration committee attended these three meetings.

Details of the remuneration of the directors for the year ended 31 December 2011 are set out on pages 71 to 73 of the annual report.

上市發行人董事進行證券交易的標準守則 ("標準守則")

本公司已採納上市規則附錄10所載的標準守則，以規管董事進行的證券交易。經本公司作出具體查詢後，所有董事均已確認，於截至2011年12月31日止年度內，彼等均已全面遵守標準守則。

薪酬委員會

薪酬委員會由三位獨立非執行董事，分別為黃保欣先生，陳棋昌先生及尹永利先生及一位執行董事范卿午先生組成。黃保欣先生為薪酬委員會主席。薪酬委員會的職權範圍可向本公司於香港的主要辦事處查閱。

薪酬委員會的主要職責包括檢討董事及高級管理人員的薪酬政策及薪酬並就以上事項向董事會提出建議。

薪酬委員會於2011年舉行三次會議，主要檢討董事及高級管理人員的薪酬政策及薪酬。全體薪酬委員會委員均有出席這三次會議。

截至2011年12月31日止年度董事薪酬的詳情載於年報第71頁至第73頁。

Corporate Governance Report

企業管治報告

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chan Kay Cheung, Mr. Wong Po Yan and Mr. Yin Yongli. The members have extensive experience in financial matters and one of them is a certified public accountant. The terms of reference of the audit committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The audit committee provides an independent review and supervision of financial reporting, and examines the effectiveness of the internal controls of the Group and ensuring the external auditor are independent and the effectiveness of the audit process. The audit committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. External auditor and the directors are invited to attend the committee meetings as and when necessary. The audit committee also serves as a channel of communication between the Board and the external auditor.

The audit committee held two meetings in 2011 to review the audited financial statements of the Group for the year ended 31 December 2010, the unaudited interim financial statements of the Group for the six months ended 30 June 2011 and the effectiveness of the internal control practices of the Group. The audit committee has also reviewed the audit plan and approach of the external auditor and monitored the progress and results of the audit regularly. The attendance record of each member of the audit committee at the audit committee meetings held in 2011 is set out below:

Member of the audit committee 審核委員會委員

Member of the audit committee 審核委員會委員		Number of meetings attended 出席會議次數
Chan Kay Cheung (<i>Chairman</i>)	陳棋昌 (<i>主席</i>)	2
Wong Po Yan	黃保欣	2
Yin Yongli*	尹永利*	2

* *Certified public accountant*

審核委員會

審核委員會由三位獨立非執行董事，分別為陳棋昌先生，黃保欣先生及尹永利先生組成。各委員在財經事務範疇皆擁有豐富經驗，其中一位是註冊會計師。審核委員會的職權範圍可向本公司於香港的主要辦事處查閱。

審核委員會負責對財務匯報進行獨立檢討及監察，並檢視本集團內部監控之效能，以及確保外聘核數師保持獨立和審核程序的有效性。審核委員會檢視所有關於本集團採納的會計原則和政策的事宜、審核功能、內部監控、風險管理及財務匯報事項。在需要時，外聘核數師及董事可被邀請出席委員會會議。審核委員會也擔當董事會與外聘核數師之間溝通的橋樑。

審核委員會於2011年舉行兩次會議，主要為審閱本集團截至2010年12月31日止年度之經審核財務報表、截至2011年6月30日止六個月之未經審核中期財務報表及內部監控措施效能。審核委員會亦已審閱外聘核數師的審核計劃及方法，並定期監察審核工作的進展及結果。審核委員會各委員於2011年舉行之審核委員會會議之出席記錄如下：

* *註冊會計師*

Corporate Governance Report

企業管治報告

EXTERNAL AUDITOR

For the year ended 31 December 2011, the fees paid to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

外聘核數師

於截至2011年12月31日止年度，就本公司及其附屬公司獲提供的審核及非審核服務向本公司外聘核數師支付的費用載列如下：

		2011 2011年 HK\$'000 千港元
Audit services	審核服務	1,585
Non-audit services (included tax matters, review and other reporting services)	非審核服務（包括稅務事項、審閱及其他申報服務）	-
		1,585

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditor about their reporting responsibilities on the financial statements is set out on pages 31 to 33 of the annual report. In preparing the financial statements for the year ended 31 December 2011, the directors have selected suitable accounting policies and applied them consistently and have made prudent and reasonable judgments and estimates and have prepared the financial statements on a going concern basis. The Board has also reviewed the effectiveness of the internal control system of the Group, including all the material controls in financial, operational and risk management functions, and have held discussion with the Group's external auditor, to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards.

問責和審核

董事會負責監察財務報表的編製，確保賬目真實兼公平地反映本集團的財務狀況及於呈報期間的業績和現金流量。核數師就其對財務報表之申報責任所發出的聲明載於年報第31頁至第33頁。編製截至2011年12月31日止年度的財務報表時，董事已選擇適當的會計政策並貫徹運用該等政策，並作出審慎合理的判斷和估計及按持續經營基準編製財務報表。董事會亦已檢視本集團內部監控機制的效能（包括財務、營運及風險管理功能的所有重大監控），並與本集團之外聘核數師進行討論確保管理層已維持及管理一個運作良好的機制，符合所約定的程序及標準。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

NON-EXECUTIVE DIRECTORS

Mr. Rui Xiaowu, aged 52, is the Chairman of the Company. Mr. Rui graduated from the Science & Technology University for National Defense of China in 1982 with a major in Computer Software, was a Master's postgraduate and a Research Fellow, and was awarded the "Government Special Allowance" by the State Council of the PRC. Mr. Rui is the chairman of China Electronics Corporation Limited ("CEC"), the ultimate controlling shareholder of the Company. Mr. Rui was previously the director of the 710 Research Institute of the Ministry of Aerospace Industry of China, the assistant general manager of China Aerospace Science & Technology Corporation, the general manager of China Satellite Communications Corporation and the deputy general manager of China Aerospace Science & Technology Corporation. Mr. Rui was also the chairman of China Satellite Communications Corporation Limited, the chairman and a non-executive director of China Aerospace International Holdings Limited, the chairman of NavInfo Company Limited (a company listed on the Shenzhen Stock Exchange), the chairman of China Spacesat Company Limited (a company listed on the Shanghai Stock Exchange), the chairman, president and an executive director of China Aerospace International Holdings Limited, the chairman and an executive director of CASIL Telecommunications Holdings Limited, the chairman and a non-executive director of APT Satellite Holdings Limited, and has extensive experience in corporate management. Mr. Rui joined the Company in August 2011.

非執行董事

芮曉武先生，52歲，本公司主席。芮先生於1982年畢業於中國國防科技大學電子計算器軟件專業，亦為碩士研究生及研究員，並享受中國國務院「政府特殊津貼」。芮先生現任本公司最終控股股東中國電子信息產業集團有限公司（「中國電子集團」）董事長。芮先生曾任中國航天工業部710所所長、中國航天科技集團公司總經理助理、中國衛星通信集團公司總經理及中國航天科技集團公司副總經理。芮先生亦曾擔任中國衛星通信集團有限公司董事長、中國航天國際控股有限公司主席及非執行董事、北京四維圖新科技股份有限公司（該公司於深圳證券交易所公開上市）董事長、中國天地衛星股份有限公司（該公司於上海證券交易所公開上市）董事長、航天科技國際集團有限公司主席、總裁及執行董事、航天科技通信有限公司主席及執行董事及亞太衛星控股有限公司主席及非執行董事，具有極豐富之企業管理經驗。芮先生於2011年8月加入本公司。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

Mr. Zhao Guiwu, aged 49, is the Vice Chairman of the Company. Mr. Zhao graduated from Tianjin University in the PRC and holds a postgraduate degree in Inorganic Non-metallic Materials and is a senior engineer. Mr. Zhao is the general manager of the Integrated Circuit Department of CEC, the chairman of Shanghai Belling Co., Ltd (a company listed on the Shanghai Stock Exchange), the chairman of Shanghai Huahong Integrated Circuit Co., Ltd, the vice chairman of Shanghai Huahong (Group) Co., Ltd, a director of Shanghai Huahong NEC Electronics Company Ltd and a non-executive director of Solomon Systech (International) Limited. From 2002 to 2006, Mr. Zhao was in charge of the Planning Division of the Department of Corporate Planning of China Electronics Technology Group Corporation and a director and the deputy general manager of CETC Deqing Huaying Electronics Co., Ltd. From 2006 to 2008, Mr. Zhao was the deputy general manager of the Strategic Planning Department of CEC. From 2008 to 2009, Mr. Zhao was the general manager of the Planning and Development Department of CEC. Mr. Zhao was previously the chairman of Beijing Huahong IC Design Co., Ltd. Mr. Zhao joined the Company in July 2010.

EXECUTIVE DIRECTORS

Mr. Fan Qingwu, aged 48, is the Managing Director of the Company. Mr. Fan graduated from the Department of Aircraft Engineering of Beijing Institute of Technology and holds a postgraduate degree in Economics from the Renmin University of China in the PRC. From 1996 to 1999, Mr. Fan was the executive vice president of China Securities Industry Institute. From 1999 to 2003, he was the general manager of the Investment Banking Department and the Asset Management Department of CEC. Mr. Fan was also the Chief Economist of CEC. Mr. Fan joined the Company in September 2004.

趙貴武先生，49歲，本公司副主席。趙先生於中國天津大學無機非金屬材料系研究生畢業並為高級工程師。趙先生現任中國電子集團集成電路事業本部主任、上海貝嶺股份有限公司（該公司於上海證券交易所公開上市）董事長、上海華虹集成電路有限公司董事長、上海華虹（集團）有限公司副董事長、上海華虹NEC電子有限公司董事及Solomon Systech (International) Limited非執行董事。於2002年至2006年間，趙先生擔任中國電子科技集團公司企業策劃部規劃處處長及中電科技（德清）華瑩電子有限公司董事及副總經理。於2006年至2008年間，趙先生擔任中國電子集團戰略規劃部副總經理。於2008年至2009年間，趙先生擔任中國電子集團規劃計劃部總經理。趙先生曾擔任北京華虹集成電路設計有限公司董事長。趙先生於2010年7月加入本公司。

執行董事

范卿午先生，48歲，本公司董事總經理。范先生於北京理工大學飛行器工程系及中國人民大學經濟系研究生畢業。於1996年至1999年間，范先生擔任中國證券業培訓中心常務副主任，並於1999年至2003年間出任中國電子集團投資銀行部及資產管理部總經理。范先生曾出任中國電子集團總經濟師。范先生於2004年9月加入本公司。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

Mr. Liu Jinping, aged 59, is an Executive Director of the Company. Mr. Liu graduated from the Department of Radio Engineering of Beijing Institute of Technology in the PRC and is a senior engineer. Since 2003, Mr. Liu is the general manager of China Integrated Circuit Design Corp., Ltd (“China Huada”), the Company’s substantial shareholder, and the chairman of various subsidiaries of China Huada, which include Nationz Technologies Inc. (a company listed on the Shenzhen Stock Exchange) and Beijing Huada Zhibao Electronic System Co., Ltd. From 1994 to 2002, Mr. Liu was the deputy general manager of the SDIC Electronic Co. From 2002 to 2003, Mr. Liu was the deputy general manager of SDIC Venture Capital Co., Ltd. Mr. Liu was appointed director of the Company in July 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay Cheung, aged 65, is a senior advisor of The Bank of East Asia, Limited, the vice chairman of The Bank of East Asia (China) Limited and the chairman of Shaanxi Fuping BEA Rural Bank Corporation. Mr. Chan was an executive director and the deputy chief executive of The Bank of East Asia, Limited. Mr. Chan joined The Bank of East Asia, Limited in 1965 and possesses extensive knowledge and experience in the banking industry. Mr. Chan is a fellow member of the Hong Kong Institute of Bankers, a member of the Process Review Committee for the oversight of Hong Kong Monetary Authority, a member of the Clearing and Settlement Systems Appeals Tribunal, a member of The China Unionpay International Advisory Group, an international senior economic consultant of The People’s Government of Shaanxi Province and a member of the Committee of Overseers of Lee Woo Sing College, The Chinese University of Hong Kong. Mr. Chan is also an independent non-executive director of Chu Kong Shipping Development Company Limited, Hong Kong Food Investment Holdings Limited and SOCAM Development Limited (formerly known as Shui On Construction and Materials Limited). Mr. Chan was appointed director of the Company in May 1997.

劉晉平先生，59歲，本公司執行董事。劉先生畢業於中國北京工業學院無線電工程系並為高級工程師。劉先生自2003年起至今擔任本公司之主要股東中國華大集成電路設計集團有限公司（「中國華大」）總經理，並擔任國民技術股份有限公司（該公司於深圳證券交易所公開上市）、北京華大智寶電子系統有限公司等多家中國華大附屬公司之董事長。於1994年至2002年間，劉先生出任國投電子公司副總經理。於2002年至2003年間，劉先生擔任國投創業投資有限公司副總經理。劉先生於2010年7月獲委任為本公司董事。

獨立非執行董事

陳棋昌先生，65歲，現任東亞銀行有限公司高級顧問、東亞銀行（中國）有限公司副董事長及陝西富平東亞村鎮銀行有限責任公司董事長。陳先生曾任東亞銀行有限公司執行董事兼副行政總裁。陳先生於1965年加入東亞銀行有限公司，在銀行界具廣泛知識和豐富經驗。陳先生為香港銀行學會資深會士，並出任香港金融管理局程序覆檢委員會委員、結算及交收系統上訴審裁處委員、中國銀聯國際業務專家委員會委員、陝西省人民政府國際高級經濟顧問及香港中文大學和聲書院院監會成員。陳先生亦為珠江船務發展有限公司、香港食品投資控股有限公司及瑞安建業有限公司獨立非執行董事。陳先生於1997年5月獲委任為本公司董事。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

Mr. Wong Po Yan, aged 88, is the founder of United Oversea Enterprises Limited. Mr. Wong was the vice chairman of the Basic Law Committee of Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress, a member of the Drafting Committee of Basic Law of Hong Kong, a member of the Preparatory Committee of Hong Kong Special Administrative Region and the chairman of the Hong Kong Airport Authority. Mr. Wong had been a member of the Hong Kong Legislative Council for 9 years. Mr. Wong is also an independent non-executive director of Shenzhen Investment Limited, Allied Group Limited, FinTronics Holdings Company Limited, Sinopec Kantons Holdings Limited and Mingfa Group (International) Company Limited. Mr. Wong was an independent non-executive director of Alco Holdings Limited. Mr. Wong was appointed director of the Company in May 1997.

Mr. Yin Yongli, aged 72, graduated from Shandong Finance Institute in the PRC. Mr. Yin is a Certified Public Accountant in the PRC and has extensive experience in auditing and financial management. From 2005 to 2008, Mr. Yin was the chairman of Tianhua Certified Public Accountants. He was the chairman of China Rightson Certified Public Accountants and various audit firms in the PRC during the period from 1999 to 2005. Before that, Mr. Yin worked in the petrochemical industry in the PRC for over 35 years. From 1985 to 1999, Mr. Yin held various senior positions in the finance department of Sinopec Corporation. Mr. Yin is the chairman of Beijing Tong Tai Insurance Brokerage Limited and an independent director of China Merchants Energy Shipping Co., Ltd. Mr. Yin was an independent supervisor of Sinopec Shanghai Petrochemical Company Limited. Mr. Yin was appointed director of the Company in September 2004.

SENIOR MANAGEMENT

Mr. Ng Kui Kwan, aged 50, is the Company Secretary of the Company. Mr. Ng holds a Bachelor of Arts degree in Accounting from the University of Liverpool in England. Mr. Ng is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has many years of experience in auditing, finance and administration. Mr. Ng joined the Company in November 2008.

黃保欣先生，88歲，聯僑企業有限公司創辦人。黃先生曾任全國人民代表大會常務委員會香港特別行政區基本法委員會副主席、香港基本法起草委員會委員、香港特別行政區籌備委員會委員及香港機場管理局主席。黃先生亦曾任職九年香港立法局議員。黃先生現任深圳控股有限公司、聯合集團有限公司、銀創控股有限公司、中石化冠德控股有限公司及明發集團（國際）有限公司獨立非執行董事。黃先生曾任愛高集團有限公司獨立非執行董事。黃先生於1997年5月獲委任為本公司董事。

尹永利先生，72歲，畢業於山東財經學院。尹先生為中國註冊會計師並具有豐富的審計和財務管理經驗。2005年至2008年間擔任天華會計師事務所管委會主席並於1999年至2005年間擔任中瑞華恒信會計師事務所等多家國內會計師事務所主席。在此之前，尹先生在中國石油化工行業有超過35年工作經驗。從1985年至1999年間，尹先生在中國石油化工總公司財務部擔任多項高級職務。尹先生現任北京同泰保險經紀有限責任公司董事長及招商局能源運輸股份有限公司獨立董事。尹先生曾任中國石化上海石油化工股份有限公司獨立監事。尹先生於2004年9月獲委任為本公司董事。

高級管理人員

伍舉鈞先生，50歲，本公司公司秘書。伍先生持有英格蘭利物浦大學會計學士學位。伍先生為英格蘭及威爾斯特許會計師公會及香港會計師公會會員。伍先生對審計、財務及行政方面積累多年經驗。伍先生於2008年11月加入本公司。

Report of the Directors

董事會報告

The directors submit their report together with the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively the "Group") is the design, research and development and sale of integrated circuits. The activities of the principal subsidiaries are set out in Note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 34 of the annual report.

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2011 (2010: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in Note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 22 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 38 of the annual report and Note 23 to the financial statements.

DISTRIBUTABLE RESERVES

The Company had no distributable reserve at 31 December 2011 as calculated under the law of Bermuda and the Company's bye-laws (2010: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, the assets and liabilities of the Group for the last five financial years is set out on pages 95 to 96 of the annual report.

董事會同寅謹此提呈董事會報告及截至2011年12月31日止年度之經審核財務報表。

主要業務

本公司為一家投資控股公司。本公司及其附屬公司（統稱「本集團」）之主要業務是集成電路之設計、研發及銷售。主要附屬公司之業務詳情載於財務報表附註17。

業績及分派

本集團本年度之業績載於年報第34頁之綜合收益表內。

董事會不建議派付截至2011年12月31日止年度之末期股息（2010年：無）。

物業、廠房及設備

本集團及本公司之物業、廠房及設備於本年度內之變動詳情載於財務報表附註15。

股本

本公司之股本於本年度內之變動詳情載於財務報表附註22。

儲備

本集團及本公司之儲備於本年度內之變動詳情載於年報第38頁之綜合權益變動表及財務報表附註23。

可供分派儲備

於2011年12月31日，本公司並無根據百慕達法律及本公司之公司章程細則計算之可供分派儲備（2010年：無）。

五年財務資料摘要

本集團過去五個財政年度之業績、資產及負債之概要載於年報第95頁至第96頁內。

Report of the Directors 董事會報告

DIRECTORS

The directors during the year and up to the date of this report were:

Non-executive Directors

Rui Xiaowu (*Chairman*) (appointed on 5 August 2011)

Zhao Guiwu (*Vice Chairman*)

Xiong Qunli (resigned on 5 August 2011)

Executive Directors

Fan Qingwu (*Managing Director*)

Liu Jinping

Independent Non-executive Directors

Chan Kay Cheung

Wong Po Yan

Yin Yongli

In accordance with Bye-law 87(1), Mr. Chan Kay Cheung and Mr. Wong Po Yan shall retire by rotation at the forthcoming annual general meeting and, being eligible, Mr. Chan Kay Cheung and Mr. Wong Po Yan offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The Company has received an annual confirmation from each of the independent non-executive directors as regards their independence to the Company, and considers them to be independent.

董事

本年度內及截至本報告日止在任之董事如下：

非執行董事

芮曉武 (*主席*) (於2011年8月5日獲委任)

趙貴武 (*副主席*)

熊群力 (於2011年8月5日辭任)

執行董事

范卿午 (*董事總經理*)

劉晉平

獨立非執行董事

陳棋昌

黃保欣

尹永利

根據公司章程細則第87(1)條，陳棋昌先生及黃保欣先生將於應屆股東週年大會上輪值告退，而陳棋昌先生及黃保欣先生均符合資格並願意膺選連任。

擬於應屆股東週年大會上膺選連任之董事並無與本公司或其任何附屬公司訂立僱主在一年內不可在不予賠償（法定賠償除外）情況下終止之服務合約。

本公司已接獲各獨立非執行董事就彼等獨立於本公司之年度確認書，並認為彼等為獨立。

Report of the Directors

董事會報告

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

At 31 December 2011, none of the directors nor the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 20 June 2002, the Company adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme. According to the Share Option Scheme, the board of directors of the Company may grant share options to any executive and non-executive directors of the Company, full time employees and part-time employees of the Group, advisors, consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to the Group. The purpose of the Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company.

董事及最高行政人員於股份、相關股份及債券之權益及淡倉

於2011年12月31日，概無本公司董事、最高行政人員及彼等各自之聯繫人於本公司或本公司任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中持有任何須記錄於本公司根據證券及期貨條例第352條備存之登記冊內之權益或淡倉，或根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄10所載之上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益或淡倉。

購股權計劃

根據於2002年6月20日通過之普通決議案，本公司採納一項新購股權計劃（「購股權計劃」），以取代舊購股權計劃。根據該購股權計劃，本公司董事會可向本公司執行及非執行董事、本集團全職僱員及兼職僱員、顧問、諮詢人、經銷商、供應商、代理、客戶、合夥人、合營夥伴、發起人及服務供應商授出購股權。購股權計劃旨在為參與者提供獲取本公司權益之機會，並鼓勵參與者積極工作以提高本公司之價值。

Report of the Directors 董事會報告

The total number of shares which may be issued upon exercise of all share options granted and to be granted under the Share Option Scheme must not exceed 108,356,000 ordinary shares, representing 6.41% of the issued share capital at the date of the annual report. The maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of the Company from time to time. No share options were outstanding under the old share option scheme.

There was no requirement for a grantee to hold the share option for a certain period before exercising the share option unless otherwise determined by the board of directors. The exercise period of a share option should be any period determined by the board of directors but in any event the exercise period should not later than 10 years from the date of grant. The grantee must accept the share option within 21 days from the date of offer by making a non-refundable payment of HK\$1 to the Company.

The exercise price of share options shall be at the discretion of the board of directors provided that it shall be not less than the highest of (i) the closing price of the shares on the date of grant; (ii) the average of the closing prices of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The Share Option Scheme will remain in force until 19 June 2012.

During the year ended 31 December 2011, no share option was granted under the Share Option Scheme, nor was any share option exercised, cancelled or lapsed. The Company had no outstanding share option at 1 January 2011 and 31 December 2011.

於購股權計劃下已授出及將予授出之購股權獲悉數行使後，可予發行之股份總數不得超過108,356,000股普通股，佔於本年報日已發行股本之6.41%。因行使所有根據購股權計劃及任何其他購股權計劃已授出而尚未行使之購股權而發行之股份上限數目，不得超逾本公司不時已發行股本之30%。每名參與者於12個月內獲授之購股權（包括已行使、已註銷及尚未行使之購股權）予以行使時所發行及將發行之股份總數，不得超逾本公司不時已發行股本之1%。舊購股權計劃下並無尚未行使之購股權。

除董事會另行決定外，購股權之承授人毋須持有該購股權若干期間後方可行使購股權。購股權之行使期為董事會釐定之任何期間，惟在任何情況下行使期不得遲於授出日期後之10年。購股權之承授人必須自授出日期起21日內向本公司支付1港元之不可退回款項接受購股權。

購股權之行使價由董事會酌情決定，惟不得少於(i)於授出日期股份之收市價；(ii)緊接授出日期前五個交易日股份之平均收市價；及(iii)於授出日期股份之面值三者中之最高者。購股權計劃之有效期直至2012年6月19日。

於截至2011年12月31日止年度內，概無根據購股權計劃授出購股權，亦無購股權被行使、註銷或失效。於2011年1月1日及2011年12月31日，本公司並無尚未行使之購股權。

Report of the Directors

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain transactions with connected persons which constituted "continuing connected transactions" under the Listing Rules. Details of these continuing connected transactions which are subject to the reporting and annual review requirements under the Listing Rules are summarised as follows:

董事購買股份或債券之權利

除上文披露者外，於本年度內，本公司、其控股公司或其任何附屬公司或同系附屬公司並無訂立任何使本公司董事或彼等各自之聯繫人（定義見上市規則）可藉著購入本公司或任何其他法人團體之股份或債券而獲益之安排。

董事於重大合約之權益

本公司之董事並無於本公司、其控股公司或其任何附屬公司或同系附屬公司所訂立並於年結日或本年度內任何時間仍然生效之任何重大合約中，直接或間接擁有任何重大權益。

持續關連交易

年內本集團與關連人士進行若干交易；該等交易根據上市規則構成「持續關連交易」。該等持續關連交易須遵守上市規則的申報及年度審閱規定，有關詳情概述於下文：

Type of transaction	交易類別	Note 附註	Amount 金額 HK\$'000 千港元
Sale of products to the CEC Group	向中國電子集團成員公司銷售產品	<i>i,ii</i>	60,775
Purchase of raw materials and modules from the CEC Group, provision of product processing, testing and assembling services by the CEC Group	向中國電子集團成員公司採購原材料及模組及中國電子集團成員公司提供產品加工、成品測試及封裝服務	<i>i,iii</i>	489,637
Interest received from the CEC Group	向中國電子集團成員公司收取利息		1,164

Report of the Directors 董事會報告

Notes:

- (i) China Electronics Corporation Limited (“CEC”, together with its subsidiaries, the “CEC Group”), is a connected person of the Company by virtue of being the controlling shareholder of the Company.

On 19 July 2010, the Company entered into the 2010-2013 business services agreement (the “2010-2013 Business Services Agreement”) with CEC in order to streamline the continuing connected transactions between members of the Group and the CEC Group. The 2010-2013 Business Services Agreement took effect from 10 September 2010. Pursuant to the 2010-2013 Business Services Agreement, the CEC Group provides products processing, testing and assembling services to the Group, while the Group purchases raw materials and modules from the CEC Group and sells products to the CEC Group. The 2010-2013 Business Services Agreement and the related caps were approved by the independent shareholders at the special general meeting held on 10 September 2010, details of which are set out in the circular dated 9 August 2010.

The Company has subsequently revised the caps for the provision of products processing, testing and assembling services by the CEC Group and the purchase of raw materials and modules from the CEC Group under the 2010-2013 Business Services Agreement. The revised caps were approved by the independent shareholders at the special general meeting held on 10 October 2011, details of which are set out in the circular dated 19 September 2011.

- (ii) Sale of products including integrated circuit cards and smart cards modules and chips to the CEC Group. Sale of products were based on the 2010-2013 Business Services Agreement. All the transactions were carried out on normal commercial terms and with reference to market rates.
- (iii) Raw materials and modules purchased from the CEC Group are for the Group’s research and development of integrated circuit cards, smart cards and chips. The CEC Group also provides products processing, testing and assembling services to the Group. Purchase of raw materials and modules from the CEC Group and provision of products processing, testing and assembling services by the CEC Group were based on the 2010-2013 Business Services Agreement. All the transactions were carried out on normal commercial terms and with reference to market rates.

附註：

- (i) 中國電子信息產業集團有限公司（「中國電子集團」，連同其附屬公司，「中國電子集團成員公司」）為本公司之控股股東，因此亦為本公司之關連人士。

於2010年7月19日，本公司與中國電子集團訂立2010-2013綜合服務協議（「2010-2013綜合服務協議」），以精簡本集團成員公司與中國電子集團成員公司間之持續關連交易。2010-2013綜合服務協議自2010年9月10日生效。根據2010-2013綜合服務協議，中國電子集團成員公司向本集團提供產品加工、成品測試及封裝服務，而本集團向中國電子集團成員公司購買原材料及模組及向中國電子集團成員公司銷售產品。2010-2013綜合服務協議及相關交易上限已由獨立股東於2010年9月10日舉行之股東特別大會上批准，有關詳情已載於日期為2010年8月9日之通函內。

本公司其後已修訂本公司根據2010-2013綜合服務協議，就中國電子集團成員公司提供產品加工、成品測試及封裝服務，以及向中國電子集團成員公司購買原材料及模組之交易上限。修訂交易上限已由獨立股東於2011年10月10日舉行之股東特別大會上批准，有關詳情已載於日期為2011年9月19日之通函內。

- (ii) 向中國電子集團成員公司銷售產品包括集成電路卡及智能卡模組和芯片。產品銷售乃根據2010-2013綜合服務協議進行。所有交易按一般商務條款和參考市場價格進行。
- (iii) 向中國電子集團成員公司採購之原材料及模組乃供本集團研發集成電路卡、智能卡及芯片之用。中國電子集團成員公司亦向本集團提供產品加工、成品測試及封裝服務。向中國電子集團成員公司採購原材料及模組和中國電子集團成員公司提供產品加工、成品測試及封裝服務乃根據2010-2013綜合服務協議進行。所有交易按一般商務條款和參考市場價格進行。

Report of the Directors

董事會報告

On 19 July 2010, the Company entered into a comprehensive financial services agreement (the "Financial Services Agreement") with China Electronics Corporation Finance Co., Ltd ("CEC Finance"), a subsidiary of CEC. The Financial Services Agreement took effect from 10 September 2010. Pursuant to the Financial Services Agreement, the financial services provided by CEC Finance to the Group includes deposit services, financial assistance and fee- and commission-based financial services. The Financial Services Agreement and the related caps were approved by the independent shareholders at the special general meeting held on 10 September 2010, details of which are set out in the circular dated 9 August 2010.

Pursuant to the Financial Services Agreement, the Group utilises the deposit services provided by CEC Finance. The interest rates for the Group's deposits with CEC Finance are determined by making reference to the standard interest rates published by the People's Bank of China for the same type of deposits. Such interest rates will not be less than the rates offered to the Group by other domestic commercial banks for comparable deposits. The maximum daily balance of deposits (together with the interests accrued thereon) maintained by the Group with CEC Finance shall not exceed RMB80 million and the Group's actual balance of deposits with CEC Finance on any given day during the year ended 31 December 2011 had not exceeded such amount. For the provision of financial assistance, the interest rates for the financial assistance provided by CEC Finance to the Group are determined by making reference to the standard interest rates published by the People's Bank of China for the same type of financial assistance. Such interest rates will not be higher than the rates offered to the Group by other domestic commercial banks for comparable financial assistance. The maximum amount of financial assistance provided by CEC Finance to the Group shall not exceed RMB80 million on any given day and no financial assistance had ever been granted to the Group pursuant to the Financial Services Agreement during the year ended 31 December 2011. For the provision of fee- and commission-based financial services, the fees and commissions for the fee- and commission-based financial services provided by

於2010年7月19日，本公司與中國電子集團之附屬公司中國電子財務有限責任公司（「中電財務」）訂立全面金融合作協議（「財務服務協議」）。財務服務協議自2010年9月10日生效。根據財務服務協議，中電財務向本集團提供之財務服務包括存款服務、財務資助及按手續費及佣金計算收費之財務服務。財務服務協議及相關交易上限已由獨立股東於2010年9月10日舉行的股東特別大會上批准，有關詳情已載於日期為2010年8月9日之通函內。

根據財務服務協議，本集團使用中電財務提供之存款服務。本集團存放於中電財務之存款之利率經參考中國人民銀行就同類存款公佈之標準利率後計算。該利率將不會低於其他境內商業銀行就可比較存款向本集團提供之利率。本集團存放於中電財務之存款之最高每日結餘（包括所產生之利息）不超過人民幣80百萬元，而本集團於截至2011年12月31日止年度任何特定日期於中電財務存款的實際餘額並未超出此數額。關於提供財務資助，中電財務向本集團提供財務資助之利率經參考中國人民銀行就同類財務資助公佈之標準利率後計算。該利率將不會高於其他境內商業銀行就可比較財務資助向本集團提供之利率。中電財務向本集團提供財務資助之最高金額於任何特定日期不超過人民幣80百萬元，而中電財務於截至2011年12月31日止年度並沒有根據財務服務協議提供任何財務資助予本集團。關於提供按手續費及佣金計算收費之財務服務，中電財務向本集團提供按手續費及佣金計算收費之財務服務之手續

Report of the Directors 董事會報告

CEC Finance to the Group are determined by reference to, and shall not be higher than, the fees and commissions charged by other domestic commercial banks or financial institutions for the same type of financial services. The cap for fees and commissions payable for the fee- and commission-based financial services provided by CEC Finance to the Group for the year ended 31 December 2011 is RMB4 million and no fee- and commission-based financial service had ever been provided to the Group pursuant to the Financial Services Agreement during the year ended 31 December 2011.

The above continuing connected transactions have been reviewed by the independent non-executive directors of the Company. In the opinion of the independent non-executive directors of the Company, the above continuing connected transactions were carried out in the ordinary and usual course of business of the Group, on normal commercial terms and were in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the result of agreed upon procedures performed on the above continuing connected transactions, the auditors have confirmed that:

- these transactions had been approved by the board of directors of the Company;
- the selected transactions were in accordance with the pricing policies of the Group;
- the selected transactions were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- these transactions had not exceeded their respective caps as disclosed in previous announcements.

費及佣金經參考且不會高於其他境內商業銀行或財務機構就同類財務服務收取之手續費及佣金後計算。截至2011年12月31日止年度就中電財務向本集團提供按手續費及佣金計算收費之財務服務之手續費及佣金上限為人民幣4百萬元。中電財務於截至2011年12月31日止年度並沒有根據財務服務協議提供任何按手續費及佣金計算收費之財務服務予本集團。

本公司獨立非執行董事已審閱上述持續關連交易，本公司獨立非執行董事認為，上述持續關連交易乃本集團於日常業務過程中按一般商務條款，以及規管該等交易之相關協議條款進行，而交易條款屬公平合理，並符合本公司股東之整體利益。

核數師根據對上述持續關連交易執行既定程序工作的結果確認：

- 該等交易已獲本公司董事會批准；
- 所選取交易按本集團之定價政策而進行；
- 所選取交易根據規管該等交易之相關協議條款進行；及
- 該等交易並無超過於先前公告披露的各個上限。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors of the Company are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group:

董事於競爭業務之權益

於年度內及截至本報告日，下列本公司董事被視為持有與本集團直接或間接構成競爭或可能構成競爭之業務權益：

Name of director 董事姓名	Name of entity 實體名稱	Principal business of the entity 實體之主要業務	Nature of director's interest in the entity 董事於有關實體 之權益性質
Rui Xiaowu 芮曉武	CEC (Note 1) 中國電子集團 (附註1)	Investment holdings 投資控股	Chairman 董事長
Zhao Guiwu 趙貴武	CEC (Note 1) 中國電子集團 (附註1)	Investment holdings 投資控股	General manager of the Integrated Circuit Department of CEC 中國電子集團集成電路 事業本部主任
	Shanghai Belling Co., Ltd (Note 2) 上海貝嶺股份有限公司 (附註2)	Manufacturing of integrated circuits 集成電路製造	Chairman 董事長
	Shanghai Huahong Integrated Circuit Co., Ltd (Note 2) 上海華虹集成電路有限公司 (附註2)	Design of integrated circuits 集成電路設計	Chairman 董事長
	Shanghai Huahong (Group) Co., Ltd (Note 2) 上海華虹(集團)有限公司 (附註2)	Design and manufacturing of integrated circuits 集成電路設計及製造	Vice chairman 副董事長
	Shanghai Huahong NEC Electronics Company Ltd (Note 2) 上海華虹NEC電子有限公司 (附註2)	Manufacturing of integrated circuits 集成電路製造	Director 董事
Liu Jinping 劉晉平	China Integrated Circuit Design Corp., Ltd (Note 2) 中國華大集成電路設計集團 有限公司 (附註2)	Investment holdings 投資控股	General manager 總經理
	Nationz Technologies Inc (Note 2) 國民技術股份有限公司 (附註2)	Design of integrated circuits 集成電路設計	Chairman 董事長

Report of the Directors

董事會報告

Notes:

- (1) CEC is the ultimate controlling shareholder of the Company. CEC is a state-owned nationwide electronics and information technology conglomerate, and has subsidiaries or associates engaging in integrated circuits related businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group.
- (2) These companies are engaging in, or have subsidiaries or associates engaging in, integrated circuits related businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group.

The above mentioned competing businesses are operated and managed by independent management and administration. The board of directors of the Company exercises independent judgment and is always acting for the interests of the Company and its shareholders as a whole. Accordingly, the Group is capable of carrying on its business independently of, and at arm's length from, the competing businesses mentioned above.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following persons had notified the Company that they had an interest of 5% or more in the issued share capital of the Company:

附註:

- (1) 中國電子集團為本公司之最終控股股東。中國電子集團為一家從事電子及資訊科技行業之全國性國有企業集團，其附屬公司或聯營公司均有從事與本集團業務直接或間接構成競爭或可能構成競爭之集成電路相關業務。
- (2) 此等公司或其附屬公司或聯營公司均有從事與本集團業務直接或間接構成競爭或可能構成競爭之集成電路相關業務。

上述之競爭業務均由獨立管理層和行政人員營運及管理。本公司董事會行使獨立判斷及以本公司及其股東之整體利益行事。因此，本集團得以按公平基準以獨立於上述競爭業務之方式經營本身業務。

主要股東

於2011年12月31日，根據證券及期貨條例第336條本公司須備存之主要股東登記冊所示，下列人士已知會本公司彼等持有本公司已發行股本5%或以上之權益：

Name of interested party	持有權益者名稱	Number or attributable number of shares interested 持有或應佔股份數目	Percentage of shareholding 持股百分比
China Electronics Corporation (BVI) Holdings Company Limited ("CEC (BVI)")	China Electronics Corporation (BVI) Holdings Company Limited (「CEC (BVI)」)	812,500,000	48.03%
China Integrated Circuit Design Corp., Ltd ("China Huada")	中國華大集成電路設計集團有限公司(「中國華大」)	393,680,000	23.27%
CEC (Notes 1 and 2)	中國電子集團(附註1及2)	1,206,180,000	71.30%
SDIC High-Tech Investment Co., Ltd (Note 1)	國投高科技投資有限公司(附註1)	393,680,000	23.27%
The State Development and Investment Corporation (Note 1)	國家開發投資公司(附註1)	393,680,000	23.27%

Report of the Directors 董事會報告

Notes:

- (1) The equity interest of China Huada is contributed as to 50% by CEC and as to 50% by SDIC High-Tech Investment Co., Ltd. SDIC High-Tech Investment Co., Ltd is a wholly-owned subsidiary of The State Development and Investment Corporation, which is a state-owned investment holding company established under the laws of the PRC. By virtue of the SFO, CEC, SDIC High-Tech Investment Co., Ltd and The State Development and Investment Corporation are deemed to be interested in the 393,680,000 shares of the Company held by China Huada.
- (2) CEC holds 100% interest in CEC (BVI) and is deemed to be interested in the shares of the Company held by CEC (BVI). The directors regard CEC, a state-owned enterprise established under the laws of the PRC, as being the ultimate holding company of the Group.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, at 31 December 2011, the Company had not been notified of any other interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares and the Company had not redeemed any of its shares during the year ended 31 December 2011.

附註:

- (1) 中國華大之股本權益分別由中國電子集團及國投高科技投資有限公司各自出資50%。國投高科技投資有限公司為國家開發投資公司之全資附屬公司，而國家開發投資公司為一家根據中國法律成立之國有投資控股公司。根據證券及期貨條例，中國電子集團、國投高科技投資有限公司及國家開發投資公司被視為持有中國華大所持有之本公司393,680,000股股份之權益。
- (2) 中國電子集團持有CEC (BVI)之100%權益，因此被視為持有CEC (BVI)所持有之本公司股份之權益。董事會視中國電子集團（根據中國法律成立之國有企業）為本集團之最終控股公司。

所有上述所披露之權益均為本公司股份之好倉。

除上文披露者外，於2011年12月31日，本公司並未獲知會有任何其他人士持有本公司股份或相關股份須記錄於根據證券及期貨條例第336條須備存之主要股東登記冊內之權益或淡倉。

優先購買權

本公司之公司章程細則或百慕達法律均無有關優先購買權之條文。

購回、出售或贖回證券

於截至2011年12月31日止年度內，本公司或其任何附屬公司並無購回或出售任何本公司股份，且本公司亦無贖回其任何股份。

Report of the Directors

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, the aggregate sales attributable to the five largest customers of the Group accounted for 72.7% of the Group's sales for the year and sales attributable to the Group's largest customer accounted for 19.4% of the Group's sales for the year. For the year ended 31 December 2011, the aggregate purchases attributable to the five largest suppliers of the Group accounted for 94.1% of the Group's purchases for the year and purchases attributable to the Group's largest supplier accounted for 62.4% of the Group's purchases for the year.

CEC Group is not a beneficial owner of any of the five largest customers and is the beneficial owner of two of the five largest suppliers of the Group. Details of the transactions are set out in the section headed "Continuing Connected Transactions" above.

Save as disclosed above, none of the directors, their respective associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any interest in any of the five largest customers or suppliers noted above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's internal controls and financial reporting matters with the management. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2011.

主要客戶及供應商

截至2011年12月31日止年度，本集團首五大客戶之總銷售額佔本集團本年度銷售額72.7%，而本集團最大客戶之銷售額佔本集團本年度銷售額19.4%。截至2011年12月31日止年度，本集團首五大供應商之總採購額佔本集團本年度採購額94.1%，而本集團最大供應商之採購額佔本集團本年度採購額62.4%。

中國電子集團成員公司並非本集團首五大客戶的實益擁有人及為本集團首五大供應商之其中兩位的實益擁有人。有關交易之詳情載於上文標題為「持續關連交易」一節內。

除上文披露者外，概無董事、彼等各自的聯繫人或任何股東（據董事所知持有本公司已發行股本5%以上者）持有上文提述之首五大客戶或供應商之任何權益。

足夠公眾持股量

於本報告日，就可提供本公司之公開資料及就本公司董事所知，本公司已發行股份有足夠並不少於上市規則規定25%之公眾持股量。

審核委員會

審核委員會已審閱本集團所採納之會計原則及政策，並與管理層討論本集團內部監控及財務匯報事項。審核委員會已審閱本集團截至2011年12月31日止年度的經審核綜合財務報表。

Report of the Directors 董事會報告

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Rui Xiaowu
Chairman

Hong Kong, 27 February 2012

核數師

綜合財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將於即將舉行之股東週年大會上任滿告退，並願意膺選連任。

承董事會命

主席
芮曉武

香港，2012年2月27日

Independent Auditor's Report 獨立核數師報告



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

*(incorporated in the Cayman Islands and continued in
Bermuda with limited liability)*

We have audited the consolidated financial statements of China Electronics Corporation Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 94, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

獨立核數師報告

致中國電子集團控股有限公司全體股東

*(於開曼群島註冊成立及於百慕達繼續經營之有
限公司)*

本核數師已審核列載於第34頁至第94頁之中國電子集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此綜合財務報表包括於2011年12月31日之綜合及公司資產負債表與截至該日止年度之綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表,以及重大會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔之責任

貴公司之董事須負責根據香港會計師公會頒佈之香港財務報告準則及按照香港《公司條例》的披露規定編製綜合財務報表以令綜合財務報表作出真實而公平的反映,及落實其認為編製綜合財務報表所必要的內部監控,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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Independent Auditor's Report

獨立核數師報告



羅兵咸永道

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

核數師之責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並根據百慕達1981年《公司法》第90條僅向全體股東報告我們的意見，除此之外不可用作其他用途，而我們不會就本報告之內容對任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

審核涉及執行程序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關之內部監控，以設計適當之審核程序，但並非為對該公司之內部監控之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證足以充份和適當地為我們的審核意見提供基礎。

Independent Auditor's Report 獨立核數師報告



羅兵咸永道

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 February 2012

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實兼公平地反映 貴公司與 貴集團於 2011年12月31日之財務狀況，及 貴集團截至該日止年度之溢利及現金流量，並已按照香港《公司條例》之披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，2012年2月27日

Consolidated Income Statement

綜合收益表

		Year ended 31 December		
		截至12月31日止年度		
		2011	2010	
		2011年	2010年	
		HK\$'000	HK\$'000	
		千港元	千港元	
	Note 附註			
Revenue	收入	5	995,111	574,586
Cost of sales	銷售成本	7	(665,832)	(362,099)
Gross profit	毛利		329,279	212,487
Other gains – net	其他收益—淨額	6	31,244	21,276
Selling and marketing costs	銷售及市場推廣成本	7	(41,289)	(32,517)
Administrative expenses	行政開支	7	(189,287)	(139,753)
Operating profit	經營溢利		129,947	61,493
Finance income – net	融資收入—淨額	10	1,282	1,633
Profit before taxation	除稅前溢利		131,229	63,126
Taxation	稅項	11	(16,570)	(3,185)
Profit for the year	本年度溢利		114,659	59,941
Attributable to owners of the Company	歸屬於本公司權益持有者	12	114,659	59,941
Dividends	股息	13	–	–
			HK cents	HK cents
			港仙	港仙
Earnings per share	每股盈利	14		
– Basic	— 基本		6.78	3.54
– Diluted	— 攤薄		6.78	3.54

Consolidated Statement of Comprehensive Income

綜合全面收益表

		Year ended 31 December	
		截至12月31日止年度	
		2011	2010
		2011年	2010年
		HK\$'000	HK\$'000
		千港元	千港元
Profit for the year	本年度溢利	114,659	59,941
Other comprehensive income for the year:	本年度其他全面收益：		
Exchange differences on translation of financial statements of foreign operations	換算海外業務賬目的匯兌差額	20,133	8,517
Total comprehensive income for the year	本年度全面收益總額	134,792	68,458
Attributable to owners of the Company	歸屬於本公司權益持有者	134,792	68,458

Consolidated Balance Sheet

綜合資產負債表

			31 December 2011 2011年12月31日	31 December 2010 2010年12月31日
		Note 附註	HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	16,988	21,253
Intangible assets	無形資產	16	4,281	3,955
Deferred tax assets	遞延稅項資產	11	28,560	20,999
Investment in an associate	於聯營公司之投資	6	-	523
Available-for-sale financial assets	可供出售金融資產	18	2,467	2,361
			52,296	49,091
Current assets	流動資產			
Inventories	存貨	19	268,457	261,312
Trade and other receivables	貿易及其他應收款項	20	404,672	280,458
Cash and cash equivalents	現金及現金等價物	21	329,453	267,285
			1,002,582	809,055
Total assets	資產總額		1,054,878	858,146
EQUITY	權益			
Capital and reserves attributable to owners of the Company	本公司權益持有者應佔資本及儲備			
Issued equity	已發行權益	22	889,171	889,171
Other reserves	其他儲備	23	(321,238)	(341,371)
Retained earnings/ (accumulated losses)	保留溢利/ (累計虧損)		39,646	(75,013)
Total equity	權益總額		607,579	472,787
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	24	422,629	361,855
Short term bank loans	短期銀行貸款	25	24,670	23,504
Total liabilities	負債總額		447,299	385,359
Total equity and liabilities	權益及負債總額		1,054,878	858,146
Net current assets	流動資產淨值		555,283	423,696
Total assets less current liabilities	總資產減流動負債		607,579	472,787

The financial statements on pages 34 to 94 were approved and authorised for issue by the board of directors on 27 February 2012 and are signed on its behalf by:

載於第34頁至第94頁之財務報表經董事會於2012年2月27日批准及授權刊發，並由下列人士代表簽署：

Rui Xiaowu 芮曉武
Director 董事

Fan Qingwu 范卿午
Director 董事

Balance Sheet

資產負債表

			31 December 2011 2011年12月31日	31 December 2010 2010年12月31日
		Note 附註	HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	591	105
Investments in subsidiaries	附屬公司投資	17	658,429	564,980
			659,020	565,085
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項	20	739	784
Cash and cash equivalents	現金及現金等價物	21	94,779	200,464
			95,518	201,248
Total assets	資產總額		754,538	766,333
EQUITY	權益			
Capital and reserves	資本及儲備			
Share capital	股本	22	889,171	889,171
Other reserves	其他儲備	23	61,672	61,672
Accumulated losses	累計虧損		(200,770)	(189,962)
Total equity	權益總額		750,073	760,881
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	24	4,465	5,452
Total equity and liabilities	權益及負債總額		754,538	766,333
Net current assets	流動資產淨值		91,053	195,796
Total assets less current liabilities	總資產減流動負債		750,073	760,881

The financial statements on pages 34 to 94 were approved and authorised for issue by the board of directors on 27 February 2012 and are signed on its behalf by:

載於第34頁至第94頁之財務報表經董事會於2012年2月27日批准及授權刊發，並由下列人士代表簽署：

Rui Xiaowu 芮曉武
Director 董事

Fan Qingwu 范卿午
Director 董事

Consolidated Statement of Changes in Equity

綜合權益變動表

		Attributable to owners of the Company 本公司權益持有者應佔			
		Issued equity	Other reserves	Retained earnings/ (accumulated losses)	Total equity
		已發行權益	其他儲備	保留溢利/ (累計虧損)	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1 January 2010	於2010年1月1日	889,171	(346,842)	(138,000)	404,329
Total comprehensive income	全面收益總額	–	8,517	59,941	68,458
Share option lapsed	已失效購股權	–	(3,046)	3,046	–
	<i>Note 23</i>				
At 31 December 2010	於2010年12月31日	889,171	(341,371)	(75,013)	472,787
At 1 January 2011	於2011年1月1日	889,171	(341,371)	(75,013)	472,787
Total comprehensive income	全面收益總額	–	20,133	114,659	134,792
At 31 December 2011	於2011年12月31日	889,171	(321,238)	39,646	607,579

Consolidated Cash Flow Statement

綜合現金流量表

		Year ended 31 December	
		截至12月31日止年度	
		2011	2010
		2011年	2010年
		HK\$'000	HK\$'000
		千港元	千港元
	Note 附註		
Cash flows from operating activities	經營活動之現金流量		
Cash generated from/(used in) operations	經營產生/(所用)之現金	26	97,107
Interest paid	支付利息		(1,646)
Income tax paid	支付所得稅		(24,968)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額		70,493
Cash flows from investing activities	投資活動之現金流量		
Interest received	收取利息		2,928
Purchase of property, plant and equipment and intangible assets	購買物業、廠房及設備及無形資產		(15,016)
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項		6,359
Proceed on disposal of an associate	出售聯營公司所得款項		1,323
Net cash used in investing activities	投資活動所用之現金淨額		(4,406)
Cash flows from financing activities	融資活動之現金流量		
Proceeds from bank loans	銀行貸款所得款項		24,670
Repayment of bank loans borrowed	償還銀行貸款		(24,670)
Net cash used in financing activities	融資活動所用之現金淨額		-
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額		66,087
Effect of foreign exchange rate changes	匯率變動之影響		(3,919)
Cash and cash equivalents at beginning of the year	年初之現金及現金等價物		267,285
Cash and cash equivalents at end of the year	年終之現金及現金等價物	21	329,453

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

1. GENERAL INFORMATION

China Electronics Corporation Holdings Company Limited (the "Company") was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company has its shares listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The ultimate holding company of the Company is China Electronics Corporation Limited ("CEC"), which is established in the People's Republic of China ("PRC").

The principal activities of the Company and its subsidiaries (collectively the "Group") are the design, research and development and sale of integrated circuits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

1. 一般資料

中國電子集團控股有限公司（「本公司」）為一家於開曼群島註冊成立，並於百慕達繼續經營的有限責任公司。本公司股份在香港聯合交易所有限公司上市。本公司的註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司之最終控股公司為中國電子信息產業集團有限公司（「中國電子集團」）（一家於中華人民共和國（「中國」）成立之企業）。

本公司及其附屬公司（統稱「本集團」）的主要業務是集成電路之設計、研發及銷售。

2. 重大會計政策概要

編製本綜合財務報表所採用的主要會計政策載列如下。除另有指明者外，此等政策一直貫徹應用於所有呈報之年度。

2.1 編製基準

(a) 符合香港財務報告準則

本集團的綜合財務報表乃依據由香港會計師公會頒佈之香港財務報告準則（「香港財務報告準則」）編製。本綜合財務報表是按歷史成本常規法編製。

編製符合香港財務報告準則的綜合財務報表須使用若干關鍵之會計估算，管理層在運用本集團的會計政策過程中亦須行使其判斷。對本綜合財務報表而言涉及高度判斷或複雜性的事項，或涉及重要範疇的假設及估算，在附註4中披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(a) Compliance with HKFRS (Cont'd)

These consolidated financial statements have also been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“HKAG 5”) in accounting for the acquisition of the 64.75% equity interests of CEC Huada Electronic Design Co., Ltd (“Huada Electronics”) in September 2009. Financial statements of Huada Electronics and its subsidiaries have been included in the consolidated financial statements of the Group as if the acquisition of the 64.75% equity interests of Huada Electronics had occurred at the previous balance sheet dates presented.

(b) New standards, amendments to standards and interpretations

During the year ended 31 December 2011, the Group had adopted the following new or revised Hong Kong Accounting Standards (“HKAS”) and HKFRS, amendments and interpretation to existing HKAS and HKFRS that are relevant to its operations and effective for the accounting period beginning on 1 January 2011:

HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010)
Annual Improvements Project	Improvements to HKFRSs 2010

The adoption of such amendments and interpretation to existing standards did not have any significant effect on results or financial position of the Group for the current year.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(a) 符合香港財務報告準則 (續)

本綜合財務報表對於2009年9月收購64.75%北京中電華大電子設計有限責任公司(「華大電子」)之權益已採用香港會計指引第5號「共同控制下的合併之合併會計法」(「香港會計指引第5號」)所述之合併會計法原則編製。華大電子及其附屬公司之財務報表已計入本集團之綜合財務報表，猶如收購64.75%華大電子之權益已於先前呈列之資產負債表日已發生。

(b) 新訂準則、準則修訂及詮釋

於截至2011年12月31日止年度，本集團已採納下列與其業務有關及於2011年1月1日起之會計期間生效之新訂或經修訂香港會計準則(「香港會計準則」)及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋：

香港(國際財務報告詮釋委員會) – 詮釋第19號	以權益工具撤銷金融負債 (自2010年7月1日起生效)
年度改進項目	香港財務報告準則之改進2010

採納該等對現有準則之修訂及詮釋不會對本集團於本年度之業績或財務狀況構成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

At the date of authorisation of this consolidated financial statements, the following new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS have been issued but are not yet effective:

HKAS 1 (amendment)	Presentation of Financial Statements (effective from 1 January 2013)
HKAS 12 (amendment)	Income Taxes (effective from 1 January 2012)
HKAS 27 (revised 2011)	Separate Financial Statements (effective from 1 January 2013)
HKAS 28 (revised 2011)	Associates and Joint Ventures (effective from 1 January 2013)
HKFRS 7 (amendment)	Disclosure – Transfer of Financial Assets (effective from 1 January 2012)
HKFRS 9	Financial Instruments (effective from 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective from 1 January 2013)
HKFRS 11	Joint Arrangements (effective from 1 January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
HKFRS 13	Fair Value Measurement (effective from 1 January 2013)

The Group did not early adopt any of these new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(b) *新訂準則、準則修訂及詮釋 (續)*

於授權刊發本綜合財務報表當日，已頒佈但尚未生效之新訂或經修訂香港會計準則及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋如下：

香港會計準則 第1號 (修訂)	財務報表呈列 (自2013年1月1日起生效)
香港會計準則 第12號 (修訂)	所得稅 (自2012年1月1日起生效)
香港會計準則 第27號 (2011年 修訂)	獨立財務報表 (自2013年 1月1日起生效)
香港會計準則 第28號 (2011年 修訂)	聯營公司及合營公司 (自2013年1月1日起生效)
香港財務報告準則 第7號 (修訂)	披露—金融資產轉移 (自2012年1月1日起生效)
香港財務報告準則 第9號	金融工具 (自2015年1月1日 起生效)
香港財務報告準則 第10號	綜合財務報表 (自2013年1月1日起生效)
香港財務報告準則 第11號	合營安排 (自2013年1月1日起生效)
香港財務報告準則 第12號	於其他實體之權益之披露 (自2013年1月1日起生效)
香港財務報告準則 第13號	公允值計量 (自2013年1月1日起生效)

本集團並無提早採納任何此等新訂或經修訂香港會計準則及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋。管理層目前正在評估該等修訂對本集團財務狀況及表現之影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The subsidiaries acquired or disposed of during the year will be included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal (except for acquisition of subsidiaries under common control which are accounted for using the principles of merger accounting), as appropriate.

Apart from the application of merger accounting on those common control combination as disclosed in Note 2.2(c) below, the purchase method of accounting is used to account for business combination by the Group. The consideration transferred for an acquisition is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the consolidated income statement.

2. 重大會計政策概要 (續)

2.2 綜合賬目

(a) 附屬公司

附屬公司指本集團有權管控其財政及營運政策的所有實體(包括特殊目的實體),一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時,目前可行使或可兌換的潛在投票權的存在及影響均予考慮。

於年內所收購或出售的附屬公司將自收購生效日期起或直至出售生效日期止(視情況而定)計入綜合財務報表(惟共同控制下收購之附屬公司採用合併會計法原則入賬除外)。

除附註2.2(c)所述對共同控制下的合併採用合併會計法外,收購會計法乃用作本集團業務合併的入賬方法。收購的對價根據於交易日期所給予資產、所產生的負債及發行的股本工具的公允值計算。所轉讓的對價包括或有對價安排所產生的任何資產或負債的公允值。收購相關成本於產生時確認為費用。在業務合併中所購買可識別的資產以及所承擔的負債及或有負債,始初按彼等於收購日期的公允值計量。就個別收購之收購基準而言,本集團可按公允值或按非控制性權益應佔被收購方資產淨值的比例,計量被收購方的非控制性權益。轉讓的對價、被收購方任何非控制性權益以及之前於被收購方之任何權益在收購日期的公允值之總和超過所收購可識別資產淨值的公允值的數額記錄為商譽。若轉讓的對價、被收購方任何非控制性權益以及之前於被收購方之任何權益在收購日期的公允值之總和低於所收購可識別資產淨值的公允值,該差額直接在綜合收益表確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries are stated at cost less provision for impairment losses in the Company's balance sheet (Note 2.7). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company in the Company's income statement to the extent of dividend received and receivable.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with shareholders of the Group. For purchases from non-controlling interests, the difference between the fair value of consideration paid and the Group's share of the carrying value of net assets acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Common control combination

Merger accounting is used to account for the acquisition of subsidiaries under common control by the Group.

Under merger accounting, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

集團內公司間之交易、結餘及未實現交易收益予以對銷。未實現虧損亦予以對銷。附屬公司之會計政策於綜合財務報表中已按需要作出改變，以確保與本集團所採納之政策一致。

在本公司之資產負債表中，附屬公司投資乃按成本扣除減值虧損撥備列賬(附註2.7)。成本經調整以反映修改或有對價所產生的對價變動。成本亦包括投資的直接歸屬成本。附屬公司業績由本公司按已收股息及應收股息計入本公司之收益表內。

(b) 與非控制性權益進行的交易

本集團將其與非控制性權益進行之交易視為與集團股東進行之交易。向非控制性權益進行購置，所支付的對價之公允值與集團應佔所收購資產淨值之賬面值的差額於權益中記賬。向非控制性權益進行的出售，所得盈虧亦於權益中記賬。

(c) 共同控制下的合併

本集團以合併會計法核算共同控制下收購之附屬公司。

於合併會計法下，當共同控制下的合併發生時，綜合財務報表包括被合併實體或業務的財務報表，猶如被合併的實體或業務在開始處於控制方的控制下就已經被合併。

從控制方的角度，被合併的實體或業務的資產淨值以賬面值合併。在共同控制下的合併中產生的商譽或收購方應佔被收購方可辨認資產、負債及或有負債的公允值超過收購成本的金額不予確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(c) Common control combination (Cont'd)

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, whichever is shorter and regardless of the effective date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet dates or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All inter-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination is recognised as an expense in the period in which it is incurred.

The difference between the share capital of entities combined and the fair value of consideration paid has been recorded in the merger reserve in consolidated financial statements.

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 共同控制下的合併 (續)

綜合收益表包括每一個被合併實體或業務於其最早呈列日期披露或合併實體或業務開始受到共同控制時(以較遲者為準)的業績,而不考慮共同控制下的合併生效日期之因素。

綜合財務報表中的比較數字,已假設被合併實體或業務已於先前呈列之資產負債表日或開始受到共同控制時(以較遲者為準)合併已發生之基準呈列。

這些實體採用統一的會計政策。集團內被合併實體或業務之間的所有交易、結餘及未實現交易收益在合併賬目中對銷。

共同控制下的合併發生的交易成本(包括專業服務費、註冊費、提供資訊予股東的成本,將先前個別業務合併產生的成本或損失等),於發生時計入當期開支。

被合併實體之股本與收購所付之對價之公允值的差額於綜合財務報表中的合併儲備中列示。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income in consolidated financial statements. When the Group's share of losses in an associate equals or exceeds its investment in the associate, including any other unsecured receivables, the Group does not recognise further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in associates are stated at cost less provision for impairment losses in the Company's balance sheet. The results of associates are accounted for in the Company's income statement to the extent of dividend received and receivable.

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(d) 聯營公司

聯營公司指集團對其有重大影響力但不持有控制權之一切實體，並通常持有20%至50%投票權的股權。聯營公司之業績、資產及負債乃按會計權益法計入綜合財務報表。根據權益法，於聯營公司之投資乃按成本另就本集團分佔聯營公司之資產淨值於收購後之變動調整，減任何已識別減值虧損列於綜合資產負債表。

集團分佔聯營公司收購後的溢利或虧損於綜合收益表中確認，而分佔收購後的其他全面收益變動於綜合財務報表之其他全面收益中確認。當集團分佔聯營公司虧損等於或大於其於聯營公司的投資（包括任何其他無抵押之應收款項）時，集團不再確認進一步的虧損。額外分佔之虧損會作出撥備及確認為負債，惟僅以本集團在其須向該聯營公司承擔法定或推定責任或代其支付款項為限。

集團與其聯營公司間交易之未實現收益按集團於聯營公司之權益為限予以對銷。未實現虧損亦作對銷，除非交易提供所轉讓資產出現減值之證據。聯營公司之會計政策已按需要作出改變，以確保與集團所採納之政策一致。

於本公司之資產負債表中，聯營公司投資按成本扣除減值虧損撥備列賬。聯營公司之業績由本公司按已收股息及應收股息計入本公司之收益表內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.4 Foreign currency translation

(a) 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 ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income/(costs) – net". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses) – net".

2. 重大會計政策概要 (續)

2.3 分部報告

營運分部之呈報方式與提供予主要營運決策者之內部報告一致。負責分配資源及評估營運分部的表現之主要營運決策者為作出策略決定之董事會。

2.4 外幣換算

(a) 功能貨幣及列賬貨幣

本集團旗下各實體財務報表內之項目乃以該實體營運所在主要經濟環境所使用之貨幣(「功能貨幣」)計算。綜合財務報表以港元呈報，港元為本公司的功能貨幣及本集團的列賬貨幣。

(b) 交易及結餘

外幣交易採用交易日期的匯率換算為功能貨幣。結算此等交易產生的匯兌盈虧及將以外幣計值的貨幣資產和負債按年終匯率換算產生的匯兌盈虧在綜合收益表確認。

與借貸和現金及現金等價物有關的匯兌盈虧在綜合收益表內的「融資收入／(成本)－淨額」中呈列。所有其他匯兌盈虧在綜合收益表內的「其他收益／(虧損)－淨額」中呈列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currency translation (Cont'd)

(c) Group companies

For the purpose of presenting consolidated financial statements, the results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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 dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income.

2. 重大會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團內公司

就呈報綜合財務報表而言，功能貨幣與列賬貨幣不同的所有集團實體成員（當中沒有成員的貨幣列為嚴重通脹貨幣）的業績和財務狀況按如下方法換算為列賬貨幣：

- 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- 每份收益表內的收入和開支按平均匯率換算（除非此匯率並不代表交易日期匯率的累計影響的合理約數，則收支項目按交易日期的匯率換算）；及
- 所有由此產生的匯兌差額在其他全面收益中確認。

在處理綜合賬目時，換算海外實體的淨投資所產生的匯兌差額列入其他全面收益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 costs are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

- Leasehold improvements 5 years (or over the lease term, whichever is shorter)
- Plant and machinery 3-10 years
- Motor vehicles 5 years
- Furniture and fixtures 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals or retirement are determined by comparing the proceeds with the carrying amount of the asset and are recognised within "other gains/(losses) – net" in the consolidated income statement.

2. 重大會計政策概要 (續)

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊及減值虧損後列賬。歷史成本包括收購該項目直接應佔之開支。

資產之其後發生之成本只有在與該項目有關之未來經濟利益有可能流入本集團及項目成本能可靠計量時，方會計入資產賬面值或確認為一項獨立資產（視乎情況而定）。所有其他維修及保養成本在產生之財務期間於綜合收益表支銷。

物業、廠房及設備之折舊乃以直線法計算，按其估計可使用年期分攤成本，有關估計可使用年期如下：

- 租賃物業裝修 5年或租約年期（以較短者為準）
- 廠房及機器 3至10年
- 車輛 5年
- 傢俬及裝置 3至5年

資產的剩餘價值及可使用年期在每個結算日進行檢討及調整（如適用）。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回價值（附註2.7）。

出售或報廢的盈虧按所得款項與相關資產賬面值的差額釐定，並在綜合收益表內的「其他收益／（虧損）－淨額」中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of four to five years.

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. 重大會計政策概要 (續)

2.6 無形資產

電腦軟件

所購入的電腦軟件使用許可權乃根據購入特定軟件及使該軟件達到可使用所產生之成本予以資本化。該等成本乃在其估計可使用年期（四至五年）內予以攤銷。

2.7 於附屬公司及非金融資產投資之減值

沒有確定使用年期之資產（例如商譽）無需攤銷，但每年須就減值進行測試。各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時須就減值進行檢討。減值虧損按資產之賬面值超出其可收回價值之數額確認。可收回價值以資產之公允價值扣除銷售成本或使用價值兩者之較高者為準。為作評估減值，資產按可分開識別現金流量（現金產生單位）的最低層次分類。除商譽外，已蒙受減值的非金融資產在每個結算日均就減值是否可以撥回進行檢討。

當從附屬公司收到股息而股息超過該附屬公司在股息宣佈期間之全面收益總額時，或若於獨立財務報表中，附屬公司投資之賬面值超過應佔被投資方於其綜合財務報表之淨資產（包括商譽）之賬面值時，則必須對有關附屬公司投資進行減值測試。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets into two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 1 year after the balance sheet date, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Notes 2.10 and 2.11).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in the other category. They are included in non-current assets unless management intends to dispose of the investment within 1 year of the balance sheet date, which are classified as current assets.

2.8.2 Recognition and measurement

Regular way purchases and sale of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. However, for available-for-sale financial assets that do not have a quoted market price, the range of reasonable fair value estimates is significant and the possibilities of the various estimates cannot be reasonably assessed, is stated at cost. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. 重大會計政策概要 (續)

2.8 金融資產

2.8.1 分類

本集團將金融資產項目劃分為兩類別：貸款及應收款項以及可供出售金融資產。分類方法乃取決於金融資產之收購目的。管理層將於始初確認時為其金融資產分類。

(a) 貸款及應收款項

貸款及應收款項為具有固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等項目包括於流動資產內，但若到期日由結算日起計超過一年者，則分類為非流動資產。本集團之貸款及應收款項包括資產負債表中之「貿易及其他應收款項」及「現金及現金等價物」(附註2.10及2.11)。

(b) 可供出售金融資產

可供出售金融資產為非衍生金融資產，乃指定須列入此類別或不屬於任何其他類別金融資產之金融資產。此等項目包括於非流動資產內，除非管理層計劃於結算日起計一年內出售有關投資，則分類為流動資產。

2.8.2 確認及計量

按照一般市場規定或慣例購入及出售的金融資產在交易日予以確認—交易日指本集團承諾購入或出售該資產之日期。所有金融資產投資始初按公允值加交易成本確認。對於某些可供出售金融資產而然，如果沒有可以引用的市場價格、合理估計的公允值區間較大和無法合理估計多種假設的可能性時，則以成本列賬。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將持有權的所有風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產其後按公允值列賬。貸款及應收款項以實際利息法按攤銷成本列賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets (Cont'd)

2.8.2 Recognition and measurement (Cont'd)

Changes in fair value of available-for-sale financial assets are recognised in other comprehensive income until the financial asset is disposed of or determined to be impaired. Dividend income from available-for-sale financial assets is recognised in the consolidated income statement as part of "other gains/(losses) – net" when the Group's right to receive payments is established. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of "other gains/(losses) – net".

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment loss is recognised in the consolidated income statement. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement and in equity, is recognised in the income statement. Impairment losses recognised on available-for-sale equity instruments are not subsequently reversed. For loans and receivables, impairment loss is reversed to the extent that the amortised cost would have been had the impairment not been recognised. Impairment testing of trade and other receivables is described in Note 2.10.

When available-for-sale securities are sold, the accumulated fair value adjustments recognised in equity are included in the income statement.

2. 重大會計政策概要 (續)

2.8 金融資產 (續)

2.8.2 確認及計量 (續)

可供出售金融資產之公允值變動於其他全面收益中確認，直至金融資產售出或釐定出現減值。來自可供出售金融資產的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為「其他收益／（虧損）－淨額」之一部份。可供出售證券採用實際利息法計算的利息在綜合收益表內確認為「其他收益／（虧損）－淨額」之一部份。

集團將於每個結算日評估金融資產或一組金融資產是否出現減值的客觀證據。所有減值虧損於綜合收益表確認。對於分類為可供出售金融資產，公允值若大幅度或長期跌至低於其成本，會被視為金融資產已經顯示減值的跡象。若金融資產存在此等證據，累計虧損－按收購成本與當時公允值的差額，減該金融資產之前在收益表及於權益確認的任何減值虧損計算並在收益表確認。可供出售之股權投資之減值虧損將不會於往後期間撥回。貸款及應收款項之減值虧損撥回撥應不能導致該資產超過在不確認任何減值情況下之已攤銷成本。貿易及其他應收款項之減值測試載於附註2.10。

當可供出售之證券被售出時，於權益中確認的累計公允值調整列入收益表內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, manufacturing cost of subcontractors, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in 1 year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision 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. Significant financial difficulty of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses". When the receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement.

2. 重大會計政策概要 (續)

2.9 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本採用加權平均法釐定。製成品及在製品的成本包括設計成本、原材料、直接勞工、分包商製造成本、其他直接成本和相關的生產經常開支（依據正常營運能力）。存貨成本不包括借貸成本。可變現淨值為在通常業務過程中的估計銷售價，減適用的可變動銷售費用。

2.10 貿易及其他應收款項

貿易應收款項為在日常業務中就商品銷售或服務執行而應收客戶的款項。如貿易及其他應收款項的收回預期在一年或以內，其被分類為流動資產；否則分類為非流動資產。貿易及其他應收款項始初按公允值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。當有客觀證據證明本集團將無法按應收款項的原有條款收回所有款項時，即就貿易及其他應收款項設定減值撥備。債務人出現重大財務困難、債務人可能破產或進行財務重組，以及拖欠或逾期付款，均被視為是應收款項顯示減值的跡象。撥備金額為應收款項之賬面值與按原實際利率折現之估計未來現金流量之現值之差額。應收款項的賬面值透過使用撥備賬戶削減，而有關的虧損數額則在收益表內的「行政開支」中確認。如應收款項無法收回時，會於應收款項撥備賬戶中予以撇銷。之前已撇銷的應收款項如其後收回，回撥金額將於收益表內的「行政開支」中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other financial institutions and other short-term highly liquid investments with original maturities of 3 months or less.

2.12 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Government grants

Government grants are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grant relating to an asset is included in non-current liabilities, which is credited to the consolidated income statement on a straight-line basis over the expected useful life of the related asset. Grant relating to an expense item is deferred and recognised as income in the consolidated income statement over the period necessary to match with the cost that it is intended to compensate.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 1 year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2. 重大會計政策概要 (續)

2.11 現金及現金等價物

現金及現金等價物包括現金、銀行及其他財務機構通知存款及原到期日為3個月或以下的其他短期高流動性投資。

2.12 股本

普通股歸類為權益。與發行新股或購股權直接有關之成本，以除稅淨額沖減發行收入後於權益中列示。

2.13 政府補助

當能夠合理地保證政府補助將可收取，而集團將會符合所有附帶條件時，則政府補助按其公允值確認入賬。與資產有關之政府補助列入非流動負債，並按有關資產之估計可使用年期以直線法在綜合收益表中確認。與開支項目有關之政府補助遞延入賬，並按該開支及補助之間之合理關係在補助之成本發生的期間在綜合收益表中確認為收益。

2.14 貿易應付款項

貿易應付款項為在日常業務中就購買商品或服務而應付的責任。如貿易應付款項的支付日期在一年或以內，其被分類為流動負債；否則分類為非流動負債。貿易應付款項始初按公允值確認，其後以實際利息法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 1 year after the balance sheet date.

2.16 Current and deferred taxation

The tax expense comprises current and deferred taxation. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation is not recognised for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2. 重大會計政策概要 (續)

2.15 借貸

借貸始初按公允值並扣除產生的交易成本確認。借貸其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值的任何差額以實際利息法於借貸期間內在收益表確認。

除非本集團有無條件權利將負債的結算遞延至結算日後最少一年，否則借貸分類為流動負債。

2.16 當期及遞延稅項

稅項開支包括當期和遞延稅項。稅項在綜合收益表中確認，但與直接在權益中確認的項目有關者則除外。在該情況下，稅項亦在權益中確認。

當期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅的狀況，並在適當情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延稅項以負債法就資產和負債的稅基與資產和負債在綜合財務報表的賬面值之暫時差異確認。然而，若遞延稅項來自在交易（不包括企業合併）中對資產或負債的始初確認，而在交易時不影響會計盈虧或應課稅盈虧，則不予確認。遞延稅項採用在結算日已頒佈或實質頒佈，並預期在變現有關於遞延稅項資產或償付遞延稅項負債時適用之稅率（及法例）而釐定。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Current and deferred taxation (Cont'd)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. 重大會計政策概要 (續)

2.16 當期及遞延稅項 (續)

倘日後應課稅溢利很有可能抵銷可動用之暫時差異，暫時差異方會確認為遞延稅項資產。

遞延稅項就附屬公司及聯營公司投資產生之暫時差異作出撥備，但假若本集團可以控制暫時差異之撥回時間；而暫時差異在可預見將來很有可能不會撥回者除外。

2.17 撥備

本集團因已發生的事件而須要承擔現有的法律或推定責任；很有可能需要付出資源以償付有關責任及金額已經可靠估計情況下確認撥備。不就未來營運虧損確認撥備。

如有多項類似責任，是否需要為償付而付出資源，則需根據該責任類別整體考慮。即使在同一責任類別所包含的其中某一個項目付出資源的可能性極低，仍須確認撥備。

撥備採用稅前利率按照預期需償付有關責任的開支的現值計量，該利率反映當時市場對金錢時間值和有關責任特定風險的評估。因時間流逝而增加的撥備確認為利息開支。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if:
 - (i) That person has control or joint control over the Group;
 - (ii) That person has significant influence over the Group; or
 - (iii) That person is a member of the key management personnel of the Group or of a parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) The entity is an associate or jointly-controlled entity of the Group.
 - (iii) The entity and the Group are jointly-controlled entities of the same third party.
 - (iv) The entity or the Group is a jointly-controlled entity of third entity and the entity or the Group is an associate of the same third entity.
 - (v) The entity is controlled or jointly-controlled by a person identified in (a).
 - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. 重大會計政策概要 (續)

2.18 關聯人士

關聯人士為與本集團相關聯之個人或實體。

- (a) 某個人及與其關係密切之家庭成員被視為與本集團有關聯，如：
 - (i) 該人士能控制或共同控制本集團；
 - (ii) 該人士能對本集團施加重大影響；或
 - (iii) 該人士為本集團或本集團之母公司之主要管理人員。
- (b) 某實體被視為與本集團有關聯，如：
 - (i) 該實體與本集團均為同一集團內之成員。
 - (ii) 該實體為本集團之聯營公司或共同控制實體。
 - (iii) 該實體與本集團為同一第三方之共同控制實體。
 - (iv) 該實體或本集團為第三方之共同控制實體，而該實體或本集團為該同一第三方之聯營公司。
 - (v) 該實體由(a)中定義之個人控制或共同控制。
 - (vi) (a)(i)中定義之個人對該實體能施加重大影響或該個人為該實體（或該實體之母公司）之主要管理人員。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Employee benefits

(a) Pension obligations

The Group operates a mandatory provident fund scheme ("MPF Scheme") for the eligible employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee – administered funds. The Group's contributions to MPF Scheme are set at 5% of employees' salaries and are expensed as incurred.

The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the income statement as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

(c) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2. 重大會計政策概要 (續)

2.19 僱員福利

(a) 退休金責任

本集團為香港之合資格僱員設立一項強制性公積金計劃(「強積金計劃」)。該強積金計劃乃一項定額供款計劃，其資產由獨立信託管理基金持有。本集團於強積金計劃之供款規定為僱員薪金之5%，並於產生時列作開支。

本集團在中國營運之附屬公司須根據相關法例及法規，向由中國有關地方政府機關管理之職工退休計劃供款。對該等退休計劃之供款於產生時計入收益表。本集團並無法律或推定責任作進一步供款。

(b) 僱員休假權益

僱員在年假之權益在僱員應享有時確認，本集團為截至結算日止僱員已提供之服務而產生之年假之估計負債作出撥備。

僱員之病假及產假權益不予確認，直至僱員正式休假為止。

(c) 獎勵計劃

當本集團因為僱員已提供之服務而產生現有法律或推定支付獎勵之責任，而責任金額能可靠估計時，則將獎勵之預計成本確認為負債。

利潤分享及獎勵計劃之負債預期須在一年內償付，並根據在償付時預期會支付之金額計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Employee benefits (Cont'd)

(d) Share-based compensation

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of the employee services received is determined by reference to the fair value of the share options granted at the grant date, excluding the impact of any non-market service and performance vesting conditions, and is recognised as an expense with a corresponding increase in equity (share option reserve). Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At balance sheet date, the entity revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital (nominal value) and share premium. When the share options are cancelled after the vesting period or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

2. 重大會計政策概要 (續)

2.19 僱員福利 (續)

(d) 以股份形式之報酬

本公司採納一項購股權計劃，以向為本集團之成功經營作出貢獻之合資格參與者提供激勵及獎勵。所獲取僱員服務之公允值乃參照已授出購股權於授出日之公允值釐定，不包括任何非市場服務及表現歸屬條件之影響，並確認為開支及於權益中作出相應遞增（購股權儲備）。非市場歸屬條件包括在計算有關預期可予歸屬購股權數目之假設內。列作開支總金額將於歸屬期間（指定歸屬條件必須達成期間）內確認為支出。於結算日，本公司均會修訂其預期可予歸屬之購股權數目之估計，並於綜合收益表內確認修訂原來估計數字之影響（如有）及對權益作相應調整。

行使購股權時，早前已確認之購股權儲備數額將轉換為股本（面值）及股份溢價。倘購股權於歸屬期間後被註銷或於屆滿日期時仍未獲行使，早前已確認之購股權儲備數額將轉入保留溢利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not provided for as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow of resources occurs so that the outflow is probable, they will then be recognised as a provision.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of value-added tax, returns, rebates and discounts. Revenue is recognised when the goods are delivered to customers, the customers have accepted the goods or the product quality inspection time period has lapsed and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

2.22 Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2. 重大會計政策概要 (續)

2.20 或有負債

或有負債乃因過往事件而可能產生的責任，並僅視乎日後會否出現一項或多項非本集團可完全控制的不可確定事件而確認其存在。或有負債亦可因過往事件而產生的現有責任，但由於未能肯定是否需要付出資源或未能可靠地估計有關責任的金額而不予確認。

或有負債並不確認為撥備，但於財務報表附註中披露。當資源流出的可能性有變而導致可能付出資源，或有負債將確認為撥備。

2.21 收入確認

收入包括銷售產品已收或應收對價之公允值，扣除增值稅、退貨、回扣及折扣。收入於產品已交付予顧客，而顧客已接受產品或產品質量檢查期屆滿時及合理地確定能收取有關應收款項時確認。

利息收入按尚未收回之本金及適用之利率以時間比例基準而確認。

股息收入於其獲派付之權利確立時確認入賬。

2.22 經營租賃

凡擁有權的絕大部份風險及回報乃歸出租人所有的租賃，均歸類為經營租賃。根據經營租賃需支付之款項（扣除出租人給予之任何獎勵），乃於租賃期內以直線法在綜合收益表內確認為費用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.23 Research and development cost

Research costs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product cost includes employee costs for software development and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using straight-line method over their estimated useful lives, which does not exceed five years.

2. 重大會計政策概要 (續)

2.23 研究及開發成本

研究成本於產生時列作開支。當能證明能符合以下所有各項條件時，投放於設計和測試中的可識別和獨特軟件產品的直接開發成本可確認為無形資產：

- 在技術上完成該軟件產品以使其可供使用是可行的；
- 管理層有意圖完成並使用或出售該軟件產品；
- 有能力使用或出售該軟件產品；
- 可證實該軟件產品如何產生很有可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發該軟件產品；及
- 該軟件產品在開發期內應佔的開支能可靠地計量。

可資本化為軟件產品成本的直接成本包括軟件開發的員工成本和適當比例的相關經常開支。與維護電腦軟件程序有關的成本在產生時確認為開支。

不符合以上條件的其他開發成本在產生時確認為開支。過往確認為開支的開發成本不會在往後期間確認為資產。

確認為資產的電腦軟件開發成本乃以直線法按估計不超過五年之可使用年期攤銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Dividend distribution

Final dividends proposed by the board of directors are classified as a separate allocation of retained earnings within the equity section of the balance sheet, until they have been approved by the shareholders in an annual general meeting. When these dividends have been declared by the board of directors and approved by the shareholders, they are recognised as a liability.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Foreign exchange risk

The foreign exchange risks of the Group occurred due to the fact that the Group had some business activities denominated in foreign currencies. The Group's business activities are primarily exposed to foreign exchange risk in respect of Renminbi ("RMB") against Hong Kong dollar ("HK dollar") and RMB against United States dollar ("US dollar"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. In additions, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts, when appropriate, to hedge anticipated cash flows in major foreign currencies.

2. 重大會計政策概要 (續)

2.24 股息分派

董事會建議派付之末期股息於資產負債表權益部份內歸類為保留溢利的單獨分配，直至末期股息獲股東於股東週年大會批准為止。當此等股息已由董事會宣派及股東批准，則確認為負債。

3. 財務風險管理

3.1 財務風險因素

本集團之經營活動承受各種不同財務風險：外匯風險、信貸風險、流動資金風險及現金流量及公允值利率風險。管理層對該等風險進行管理及監察，確保能按時有效地採取適當措施。

(a) 外匯風險

本集團承受外匯風險之原因是本集團之若干業務活動以外幣結算。本集團之業務主要面臨就人民幣兌港元及人民幣兌美元匯率變動產生之外匯風險。外匯風險因未來商業交易及已確認之資產及負債以相關實體功能貨幣以外之其他貨幣計值而產生。另外，人民幣兌換外幣須遵守中國政府頒佈之外匯管制法規。

為了管理來自未來商業交易及已確認之資產及負債之外匯風險，本集團於適時利用遠期合約對沖主要外幣的預期現金流量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Foreign exchange risk (Cont'd)

If RMB had strengthened/weakened by 5% against HK dollar with all other variables held constant, post-tax profit for the year ended 31 December 2011 would have been HK\$545,000 higher/lower (2010: HK\$5,879,000 higher/lower), mainly as a result of foreign exchange gains or losses on translation of RMB denominated cash and cash equivalents.

If RMB had strengthened/weakened by 5% against US dollar with all other variables held constant, post-tax profit for the year ended 31 December 2011 would have been HK\$3,931,000 lower/higher (2010: HK\$414,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of US dollar denominated cash and cash equivalents.

As less than 10% of the Group's foreign currency transactions are denominated in other foreign currencies, the directors are of the view that foreign exchange risk in relation to transactions denominated in other foreign currencies is low. Therefore, no sensitivity analysis for these currencies is presented.

(b) Cash flow and fair value interest rate risk

Other than deposits held in banks and other financial institutions, the Group does not have significant interest-bearing assets. The average rate on deposits held in banks and other financial institutions at 31 December 2011 was approximately 1.18% per annum (2010: 1.07%). Any change in the interest rate from time to time is not considered to have significant impact to the Group's performance.

The Group's interest rate risk which affects its results and operating cash flows mainly arises from bank borrowings. The bank borrowings were at fixed rates and expose the Group to fair value interest rate risk. As all the Group's bank borrowings were short term loans and any change in the interest rate from time to time is not considered to have significant impact to the Group's performance.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 外匯風險 (續)

倘人民幣兌港元升值／貶值5%，而所有其他變數均不變，則截至2011年12月31日止年度之除稅後溢利會增加／減少545,000港元（2010年：增加／減少5,879,000港元），主要由於換算以人民幣持有之現金及現金等價物時產生之外匯收益或虧損所致。

倘人民幣兌美元升值／貶值5%，而所有其他變數均不變，則截至2011年12月31日止年度之除稅後溢利會減少／增加3,931,000港元（2010年：減少／增加414,000港元），主要由於換算以美元持有之現金及現金等價物時產生之外匯收益或虧損所致。

由於本集團少於10%之外幣交易以其他貨幣計值，故董事認為有關以其他貨幣計值之交易之外匯風險甚微。因此，並無就此等貨幣呈列敏感性分析。

(b) 現金流量及公允值利率風險

除存放於銀行及其他財務機構之存款外，本集團並無重大之付息資產。於2011年12月31日，存放於銀行及其他財務機構之存款之平均年利率為1.18%（2010年：1.07%）。不時頒佈利率之任何變動對本集團之業績並無重大影響。

影響本集團業績及經營現金流量之利率風險主要來自銀行借貸。銀行借貸均為定息，並使本集團承擔公允值利率風險。由於本集團銀行借貸均為短期貸款，因此不時頒佈利率之任何變動對本集團之業績並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk at the balance sheet date is their carrying value. The Group has policies and procedures in place to ensure they are made to counterparties with acceptable credit quality.

All the Group's deposits with bank and other financial institution are placed in high quality financial institutions without significant exposure to credit risk.

For trade and other receivables, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Individual credit limits are set based on the assessment of the credit quality. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is not significant. Further disclosure on credit risk are set out in Note 20.

(d) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient working capital, the availability of funding through an adequate amount of committed borrowing facilities and the ability to close out market positions is adopted. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by ensuring sufficient committed borrowing facilities are available.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 信貸風險

本集團並無高度集中之信貸風險。信貸風險因現金及現金等價物和貿易及其他應收款項而產生。於結算日面對之最高信貸風險為其賬面值。本集團已定下程序及政策，確保交易方之信貸質素為可以接受水平。

本集團所有於銀行及其他財務機構之存款均存於並無重大信貸風險之優質財務機構。

就貿易及其他應收款項而言，交易對手之信貸質素透過考慮其財務狀況、信貸記錄及其他因素而作出評估。個別信貸限額按照信貸質素評估而訂定。鑒於穩定之還款記錄，董事認為該等交易對手拖欠款項之風險並不大。有關信貸風險之進一步詳情載於附註20內。

(d) 流動資金風險

本集團採納審慎之流動資金風險管理，包括透過維持足夠營運資金、充裕之已承諾借貸備用額以提供充足可供動用資金及處理市場平倉之能力。鑒於相關業務多變之特性，本集團通過確保足夠可供動用之已承諾借貸備用額，藉以維持資金供應之靈活性。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.1 Financial risk factors (Cont'd)

(d) Liquidity risk (Cont'd)

The table below analyses the Group's financial liabilities by maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows and are as follows:

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Within 1 year	一年內		
Group	本集團		
Short term bank loans	短期銀行貸款	26,316	24,637
Trade and other payables	貿易及其他應付款項	319,510	283,515
		345,826	308,152
Company	本公司		
Trade and other payables	貿易及其他應付款項	3,069	2,402

3.2 Capital risk management

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 year.

The capital structure of the Group consists of debts, which includes bank borrowings, and equity attributable to owners of the Company, which comprises issued equity and reserves.

The Group monitors capital risk using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheets, plus net debt.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(d) 流動資金風險 (續)

下表載列本集團將結算之金融負債，此乃按照相關到期組別，根據由結算日至合約到期日之剩餘期間進行分析。於表中披露之金額為根據合約之未貼現現金流量計算，如下：

3.2 資本風險管理

本集團實行資本管理是要確保本集團之實體將可持續經營，並透過優化債務及權益結餘為權益持有人帶來最大回報。本集團整體策略保持與以前年度一致。

本集團之資本結構包括債務（包括銀行借貸），及本公司權益持有者應佔權益（包括已發行權益及儲備）。

本集團採用資本負債比率監察資本風險。此比率乃以債務淨額除以資本總額計算。債務淨額按借貸總額減現金及現金等價物計算。資本總額按綜合資產負債表所列示之權益加債務淨額計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.2 Capital risk management (Cont'd)

The Group's strategy is to maintain an operation with minimal capital risk. As at 31 December 2011, the Group's cash and cash equivalents exceeded its borrowings by HK\$304,783,000 (2010: HK\$243,781,000). The directors are of the opinion that the Group's capital risk is low.

3.3 Fair value estimation

Financial instruments measured at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2011 and 2010, the Group had no financial instrument measured at fair value and hence did not have any Level 1, Level 2 or Level 3 financial instrument.

The carrying value less impairment provision of trade receivables and payables approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. 財務風險管理 (續)

3.2 資本風險管理 (續)

本集團之策略是保持以最低資本風險營運。於2011年12月31日，本集團之現金及現金等價物超過借貸304,783,000港元(2010年：243,781,000港元)。董事認為本集團面對之資本風險甚低。

3.3 公允值估計

以公允值計量之金融工具按其可觀察公允值程度分類為下列一至三級：

- 第一級公允值計量乃自相同資產或負債於活躍市場中之報價(未經調整)得出。
- 第二級公允值計量乃除第一級所包括之報價外，自資產或負債可直接(即價格)或間接(自價格衍生)觀察之輸入數據得出。
- 第三級公允值計量乃以使用計入並非根據可觀察市場數據之資產或負債之輸入數據(無法觀察之輸入數據)之估值技術得出。

於2011年及2010年12月31日，本集團沒有以公允值計量之金融工具，因此並無任何第一級、第二級或第三級金融工具。

貿易應收款項及應付款項之賬面值減除減值撥備與其公允值相若。作為披露目的而言，金融負債之公允值之估計乃按未來合約現金流量以本集團可得的類似金融工具之現有市場利率貼現計算。

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For the year ended 31 December 2011 截至2011年12月31日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Estimated impairment of non-financial assets

The Group tests annually whether non-financial assets, mainly property, plant and equipment and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2.7. Management judgment is required, particularly in assessing whether: (1) an event has occurred that may affect asset values; (2) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (3) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment (if any), including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operations of the Group.

(b) Income tax and deferred taxation

The Group is subject to income tax in different jurisdictions. Estimation and judgment is required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

In accordance with the enterprise income tax laws in the PRC, a 10% withholding tax will be levied on the dividend declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. No deferred tax liability has been provided by the Group for the earnings of approximately HK\$268,000,000 (2010: HK\$140,000,000) expected to be retained by the subsidiaries in the PRC and not to be remitted out of the PRC in the foreseeable future.

4. 主要會計估計及判斷

(a) 估計非金融資產減值

本集團根據附註2.7所載之會計政策就非金融資產（主要包括物業、廠房及設備及無形資產）是否有出現減值進行年度測試。管理層需要作出判斷，特別是評估：(1)有否發生可能影響資產價值的事件；(2)資產之賬面值是否有未來現金流量的貼現淨現值（以現金流量預測釐定）支持；及(3)現金流量是否按適當貼現率貼現。管理層用以釐定減值程度的假設（包括作出現金流量預測時假設的貼現率和增長率）如有改變，可能大幅影響本集團呈報的財務狀況和經營業績。在進行減值評估時，本集團亦考慮目前經濟環境對本集團經營之影響。

(b) 所得稅及遞延稅項

本集團須於不同司法權區繳納所得稅。於釐定所得稅項撥備之金額時，需作出估計及判斷。於日常業務過程中存在交易及計算均難以確定其最終之稅務釐定。倘該等事項之最終稅務結果有別於始初確認之金額，該等差異的釐定將對當期之所得稅及遞延稅項撥備產生影響。

根據中國企業所得稅法，自2008年1月1日起，對在中國成立的公司向其海外投資者分派的股息徵收10%的預扣稅。本集團並無就預期由中國附屬公司保留且不會於可預見未來分派出中國境外約268,000,000港元（2010年：140,000,000港元）的溢利撥備遞延稅項負債。

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For the year ended 31 December 2011 截至2011年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Integrated circuits products	集成電路產品	995,111	574,586

(b) Operating segments

Management has determined the operating segments based on the reports reviewed by the directors (the chief operating decision maker) that are used to assess performance and allocate resources.

The directors consider that the Group's operations are operated and managed as a single segment, accordingly no segment information is presented.

In terms of geographical location, nearly 100% of the Group's revenue is attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC.

Total non-current assets by location are as follows:

5. 收入及分部資料

(a) 收入

(b) 營運分部

管理層已根據董事（主要營運決策者）已審閱作評估表現及分配資源用的報告，確定營運分部。

董事認為本集團經營之業務以單一分部營運及管理，故無披露營運分部資料。

按地區分佈而言，本集團接近100%之收入來自於中國市場且超過90%之非流動資產位於中國。

按地區分類之非流動資產總額如下：

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
PRC	中國	22,908	27,982
Hong Kong	香港	828	110
		23,736	28,092
Deferred tax assets	遞延稅項資產	28,560	20,999
Total non-current assets per consolidated balance sheet	於綜合資產負債表之非流動資產總額	52,296	49,091

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For the year ended 31 December 2011 截至2011年12月31日止年度

6. OTHER GAINS – NET

6. 其他收益－淨額

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Government grants	政府補助	28,772	18,519
Share of loss of an associate	分佔聯營公司虧損	(253)	(227)
Gain on disposal of an associate	出售聯營公司收益	1,053	–
Gain/(Loss) on disposal of property, plant and equipment	出售物業、廠房及設備收益/ (虧損)	619	(59)
Exchange gains	匯兌收益	585	2,948
Others	其他	468	95
		31,244	21,276

For the year ended 31 December 2011, the Group disposed of its entire interest in an associate to an independent third party at a consideration of RMB1,100,000 (equivalent to approximately HK\$1,323,000) and recognised gain on disposal of HK\$1,053,000.

截至2011年12月31日止年度，本集團以人民幣1,100,000元（相當於約1,323,000港元）之對價將其持有該聯營公司之全部權益出售予獨立第三方並確認出售收益1,053,000港元。

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

7. 按性質劃分之費用

列作銷售成本、銷售及市場推廣成本和行政開支之費用分析如下：

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Depreciation and amortisation expenses (Notes 15 and 16)	折舊及攤銷費用 (附註15及16)	14,363	14,414
Employee benefit expenses (Note 8)	僱員福利開支(附註8)	101,462	79,993
Changes in inventories of finished goods and work in progress	製成品及在製品 存貨變動	(16,165)	(184,918)
Raw materials and consumables used	所用原材料及消耗品	668,807	536,289
Research and development costs*	研究及開發成本*	138,969	93,935
Impairment provision for trade receivables (Note 20)	貿易應收款項之減值撥備 (附註20)	14,071	1,476
Write-down of inventories to net realisable value (Note 19)	撇減存貨至可變現淨值 (附註19)	8,345	8,216
Operating lease expenses on property	物業之經營租賃開支	6,459	6,454
Auditor's remuneration	核數師酬金	1,585	1,205

* Research and development costs for the year ended 31 December 2010 have been reclassified to administrative expenses to be consistent with current year's presentation.

* 截至2010年12月31日止年度之研究及開發成本已按本年之呈列方式分類為行政開支。

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For the year ended 31 December 2011 截至2011年12月31日止年度

8. EMPLOYEE BENEFIT EXPENSES

8. 僱員福利開支

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	92,812	72,058
Contributions to retirement schemes (Notes (a) and (b))	退休計劃供款 (附註(a)及(b))	8,650	7,935
		101,462	79,993

(a) The Group operates a MPF Scheme for the eligible employees in Hong Kong. The Group's contributions to MPF Scheme are set at 5% of employees' salaries and are expensed as incurred.

(b) The Company's PRC subsidiaries participate in defined contribution retirement scheme based on laws and regulations in the PRC. The local government authority of the PRC is responsible for the pension liabilities to these retired employees in the PRC. These PRC subsidiaries made contributions to retirement schemes in the PRC and are expensed as incurred.

(a) 本集團為其香港合資格僱員設立強積金計劃。本集團對強積金計劃之供款為僱員薪金之5%，並於產生時列作開支。

(b) 本公司在中國之附屬公司根據中國法例及規例參與定額供款退休計劃。中國有關地方政府機構負責該等中國退休僱員之退休金責任。該等中國附屬公司對退休計劃作出供款並於產生時列作開支。

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For the year ended 31 December 2011 截至2011年12月31日止年度

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2011 is set out below:

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
		薪金、津貼及 實物福利 HK\$'000 千港元	退休金計劃 供款 HK\$'000 千港元	酌情花紅 HK\$'000 千港元	合計 HK\$'000 千港元
Rui Xiaowu* 芮曉武*	244	–	–	–	244
Xiong Qunli** 熊群力**	394	–	–	–	394
Zhao Guiwu 趙貴武	200	–	–	–	200
Fan Qingwu 范卿午	–	520	88	480	1,088
Liu Jinping 劉晉平	200	–	–	–	200
Chan Kay Cheung 陳棋昌	200	–	–	–	200
Wong Po Yan 黃保欣	200	–	–	–	200
Yin Yongli 尹永利	200	–	–	–	200
	1,638	520	88	480	2,726

* Appointed on 5 August 2011.

** Resigned on 5 August 2011.

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company had waived any emoluments during the year.

9. 董事及僱員酬金

(a) 董事酬金

各董事於截至2011年12月31日止年度之酬金載列如下：

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
		薪金、津貼及 實物福利 HK\$'000 千港元	退休金計劃 供款 HK\$'000 千港元	酌情花紅 HK\$'000 千港元	合計 HK\$'000 千港元
Rui Xiaowu* 芮曉武*	244	–	–	–	244
Xiong Qunli** 熊群力**	394	–	–	–	394
Zhao Guiwu 趙貴武	200	–	–	–	200
Fan Qingwu 范卿午	–	520	88	480	1,088
Liu Jinping 劉晉平	200	–	–	–	200
Chan Kay Cheung 陳棋昌	200	–	–	–	200
Wong Po Yan 黃保欣	200	–	–	–	200
Yin Yongli 尹永利	200	–	–	–	200
	1,638	520	88	480	2,726

* 於2011年8月5日獲委任。

** 於2011年8月5日辭任。

年內，本集團並無向本公司董事支付任何酬金作為加盟本集團或加盟時之獎勵或作為離任之補償。年內亦無本公司董事放棄任何酬金。

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For the year ended 31 December 2011 截至2011年12月31日止年度

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(a) Directors' emoluments (Cont'd)

The remuneration of each director for the year ended 31 December 2010 is set out below:

Name of Director 董事姓名	Fees 袍金	Salaries, allowances and benefits in kind	Pension scheme contributions	Total 合計
		薪金、津貼 及實物福利	退休金計劃 供款	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Xiong Qunli 熊群力	660	–	–	660
Zhao Guiwu* 趙貴武*	100	–	–	100
Tong Baoan** 佟保安**	275	–	–	275
Fan Qingwu 范卿午	–	520	62	582
Liu Jinping* 劉晉平*	100	–	–	100
Hua Longxing** 華龍興**	100	–	–	100
Chan Kay Cheung 陳棋昌	200	–	–	200
Wong Po Yan 黃保欣	200	–	–	200
Yin Yongli 尹永利	200	–	–	200
	1,835	520	62	2,417

* Appointed on 19 July 2010.

** Resigned on 19 July 2010.

9. 董事及僱員酬金 (續)

(a) 董事酬金 (續)

各董事於截至2010年12月31日止年度之酬金載列如下：

* 於2010年7月19日獲委任。

** 於2010年7月19日辭任。

(b) Five highest paid individuals

The emoluments payable to the five individuals whose paid were the highest in the Group during the year are as follows:

(b) 五名最高薪酬人士

年內應付予本集團薪酬最高之五名人士之酬金如下：

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,413	4,453
Bonuses	花紅	4,145	2,338
Contributions to retirement schemes	退休計劃供款	228	175
		7,786	6,966

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

(b) Five highest paid individuals (Cont'd)

The emoluments of the five highest paid individuals included one (2010: nil) director of the Company and their emoluments were within the following bands:

9. 董事及僱員酬金 (續)

(b) 五名最高薪酬人士 (續)

五名最高薪酬人士包括本公司的一名(2010年: 無)董事而彼等之酬金介乎以下範圍:

		Number of individuals 人數	
		2011 2011年	2010 2010年
Nil – HK\$1,000,000	零 – 1,000,000港元	–	1
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	1	3
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元	4	1
		5	5

10. FINANCE INCOME – NET

10. 融資收入 – 淨額

		Year ended 31 December 截至12月31日止年度	
		2011 2011年	2010 2010年
		HK\$'000 千港元	HK\$'000 千港元
Interest income on short term deposits	短期存款利息收入	2,928	2,742
Interest on bank loans	銀行貸款利息	(1,646)	(1,109)
		1,282	1,633

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For the year ended 31 December 2011 截至2011年12月31日止年度

11. TAXATION

11. 稅項

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Current taxation	本年度稅項		
– PRC enterprise income tax	– 中國企業所得稅	22,955	10,639
Deferred taxation	遞延稅項	(6,385)	(7,454)
		16,570	3,185

- (a) No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profit in Hong Kong during the year (2010: nil).
- (a) 由於本集團於本年度內於香港並無產生任何應課稅溢利，故並無就香港利得稅作出撥備（2010年：無）。
- (b) In accordance with the enterprise income tax laws in the PRC, Huada Electronics' applicable statutory tax rate is 25% from 1 January 2008. However, Huada Electronics qualified as a "High/New Technology Enterprise" and thus was granted a 15% preferential tax rate from 1 January 2008 to 31 December 2013.
- (b) 根據中國企業所得稅法，華大電子自2008年1月1日起之適用法定稅率為25%。然而，由於華大電子被確定為「高新科技企業」，因此自2008年1月1日起至2013年12月31日華大電子享受15%之優惠稅率。
- (c) Reconciliation between the taxation expense on the Group's profit before taxation and the theoretical taxation that would arise using the respective applicable statutory tax rates are as follows:
- (c) 本集團除稅前溢利之稅項開支與按各自適用法定稅率所計算之理論稅項之對賬如下：

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Profit before taxation	除稅前溢利	131,229	63,126
Calculated at respective applicable statutory tax rates	按各自適用法定稅率計算之稅項	33,542	16,660
Effect of tax concession	稅項減免之影響	(14,412)	(7,383)
Research and development costs additional deductions	研究及開發成本額外扣除	(5,567)	(8,233)
Expenses not deductible for taxation purposes	不可扣稅開支	520	344
Utilisation of previously unrecognised tax losses	使用早前未確認的稅項虧損	(17)	–
Tax losses for which no deferred tax asset was recognised (Note (d))	並無確認遞延稅項資產之稅項虧損(附註(d))	2,504	1,797
Taxation expense	稅項開支	16,570	3,185

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For the year ended 31 December 2011 截至2011年12月31日止年度

11. TAXATION (Cont'd)

(d) Deferred taxation

The movements in the deferred tax assets during the year is as follows:

		Impairment of inventories 存貨減值 HK\$'000 千港元	Other accruals 其他 預提費用 HK\$'000 千港元	Government grants 政府補助 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2010	於2010年1月1日	271	4,989	6,977	684	12,921
Exchange differences	匯兌差額	38	210	333	43	624
Credited to the income statement	抵免收益表	1,195	1,556	3,891	812	7,454
At 31 December 2010	於2010年12月31日	1,504	6,755	11,201	1,539	20,999
At 1 January 2011	於2011年1月1日	1,504	6,755	11,201	1,539	20,999
Exchange differences	匯兌差額	101	343	560	172	1,176
Credited to the income statement	抵免收益表	1,252	409	211	4,513	6,385
At 31 December 2011	於2011年12月31日	2,857	7,507	11,972	6,224	28,560

The amounts shown in the consolidated balance sheet include the following:

11. 稅項 (續)

(d) 遞延稅項

年內遞延稅項資產之變動如下：

於綜合資產負債表列示之金額包括以下項目：

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Deferred tax assets to be recovered after more than 12 months	將於12個月後收回之遞延稅項資產	2,939	730
Deferred tax assets to be recovered within 12 months	將於12個月內收回之遞延稅項資產	25,621	20,269
		28,560	20,999

Deferred tax assets are recognised for tax losses carrying-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$2,504,000 (2010: HK\$1,797,000) in respect of losses amounting to HK\$12,992,000 (2010: HK\$10,701,000) that can be carried forward against future taxable income.

遞延稅項資產乃就結轉之稅項虧損而被確認，惟以有可能透過未來之應課稅溢利變現有關稅項利益為限。本集團並未就可結轉以抵銷未來應課稅溢利之虧損12,992,000港元（2010年：10,701,000港元）確認遞延稅項資產2,504,000港元（2010年：1,797,000港元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2011 included a loss of HK\$10,808,000 (2010: HK\$10,326,000) which has been dealt with in the separate financial statements of the Company.

13. DIVIDENDS

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2011 (2010: nil).

14. EARNINGS PER SHARE

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

12. 本公司權益持有者應佔虧損

截至2011年12月31日止年度，本公司權益持有者應佔綜合溢利包括已計入本公司獨立財務報表之虧損為10,808,000港元（2010年：10,326,000港元）。

13. 股息

董事會不建議派付截至2011年12月31日止年度之末期股息（2010年：無）。

14. 每股盈利

每股基本及攤薄盈利乃根據下列數據計算：

		Year ended 31 December 截至12月31日止年度	
		2011 2011年	2010 2010年
Profit for the year attributable to owners of the Company (HK\$'000)	本公司權益持有者應佔之年度溢利（千港元）	114,659	59,941
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	用以計算每股基本及攤薄盈利之普通股加權平均數目	1,691,560,000	1,691,560,000
Earnings per share (HK cents)	每股盈利（港仙）		
– Basic	– 基本	6.78	3.54
– Diluted (<i>Notes (a) and (b)</i>)	– 攤薄 (<i>附註(a)和(b)</i>)	6.78	3.54

(a) The Company did not have any potential ordinary shares outstanding for the year ended 31 December 2011. Diluted earnings per share is therefore equal to basic earnings per share.

(b) Impact of exercise of share options were not included in the calculation of diluted earnings per share for the year ended 31 December 2010 because their exercise would result in an increase in earnings per share, and are anti-dilutive.

(a) 截至2011年12月31日止年度，本公司並無任何未發行潛在普通股。因此，每股攤薄盈利與每股基本盈利相等。

(b) 由於行使購股權會增加每股盈利，因此行使購股權具有反攤薄效應，故在計算截至2010年12月31日止年度每股攤薄盈利時，並無將行使購股權之影響計算在內。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT

(a) Group

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2010	於2010年1月1日					
Cost	成本	5,013	29,065	3,492	445	38,015
Accumulated depreciation	累計折舊	(484)	(12,894)	(1,939)	(364)	(15,681)
Net book amount	賬面淨值	4,529	16,171	1,553	81	22,334
Year ended 31 December 2010	截至2010年12月31日止年度					
Opening net book amount	年初賬面淨值	4,529	16,171	1,553	81	22,334
Exchange differences	匯兌差額	118	518	93	1	730
Additions	添置	-	3,716	2,574	50	6,340
Disposals	出售	-	-	(284)	-	(284)
Depreciation	折舊	(1,696)	(5,593)	(533)	(45)	(7,867)
Closing net book amount	年末賬面淨值	2,951	14,812	3,403	87	21,253
At 31 December 2010	於2010年12月31日					
Cost	成本	5,131	33,645	5,334	492	44,602
Accumulated depreciation	累計折舊	(2,180)	(18,833)	(1,931)	(405)	(23,349)
Net book amount	賬面淨值	2,951	14,812	3,403	87	21,253
Year ended 31 December 2011	截至2011年12月31日止年度					
Opening net book amount	年初賬面淨值	2,951	14,812	3,403	87	21,253
Exchange differences	匯兌差額	114	873	146	4	1,137
Additions	添置	134	3,469	2,194	180	5,977
Disposals	出售	-	(5,737)	-	(3)	(5,740)
Depreciation	折舊	(1,585)	(2,950)	(1,064)	(40)	(5,639)
Closing net book amount	年末賬面淨值	1,614	10,467	4,679	228	16,988
At 31 December 2011	於2011年12月31日					
Cost	成本	5,433	23,583	7,872	677	37,565
Accumulated depreciation	累計折舊	(3,819)	(13,116)	(3,193)	(449)	(20,577)
Net book amount	賬面淨值	1,614	10,467	4,679	228	16,988

Depreciation expense of nil (2010: HK\$2,614,000) has been expensed in cost of sales, HK\$29,000 (2010: HK\$279,000) in selling and marketing costs and HK\$5,610,000 (2010: HK\$4,974,000) in administrative expenses.

Lease rental expenses amounting to HK\$6,459,000 (2010: HK\$6,454,000) relating to the lease of property are included in the income statement.

15. 物業、廠房及設備

(a) 本集團

折舊開支中無費用(2010年: 2,614,000港元)計入銷售成本, 29,000港元(2010年: 279,000港元)已計入銷售及市場推廣成本, 及5,610,000港元(2010年: 4,974,000港元)已計入行政開支。

與租賃物業相關的6,459,000港元租金(2010年: 6,454,000港元)已計入收益表之租賃開支。

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For the year ended 31 December 2011 截至2011年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT

(Cont'd)

(b) Company

15. 物業、廠房及設備 (續)

(b) 本公司

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2010	於2010年1月1日				
Cost	成本	220	1,310	204	1,734
Accumulated depreciation	累計折舊	(220)	(1,164)	(148)	(1,532)
Net book amount	賬面淨值	-	146	56	202
Year ended 31 December 2010	截至2010年12月31日止年度				
Opening net book amount	年初賬面淨值	-	146	56	202
Additions	添置	-	-	50	50
Disposals	出售	-	(38)	-	(38)
Depreciation	折舊	-	(78)	(31)	(109)
Closing net book amount	年末賬面淨值	-	30	75	105
At 31 December 2010	於2010年12月31日				
Cost	成本	220	1,176	250	1,646
Accumulated depreciation	累計折舊	(220)	(1,146)	(175)	(1,541)
Net book amount	賬面淨值	-	30	75	105
Year ended 31 December 2011	截至2011年12月31日止年度				
Opening net book amount	年初賬面淨值	-	30	75	105
Exchange differences	滙兌差額	-	(1)	4	3
Additions	添置	-	544	71	615
Disposals	出售	-	-	(3)	(3)
Depreciation	折舊	-	(102)	(27)	(129)
Closing net book amount	年末賬面淨值	-	471	120	591
At 31 December 2011	於2011年12月31日				
Cost	成本	220	1,877	325	2,422
Accumulated depreciation	累計折舊	(220)	(1,406)	(205)	(1,831)
Net book amount	賬面淨值	-	471	120	591

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

16. INTANGIBLE ASSETS – GROUP

16. 無形資產－本集團

Computer
software
電腦軟件
HK\$'000
千港元

At 1 January 2010	於2010年1月1日	
Cost	成本	17,702
Accumulated amortisation	累計攤銷	(13,718)
Net book amount	賬面淨值	3,984
Year ended 31 December 2010	截至2010年12月31日止年度	
Opening net book amount	年初賬面淨值	3,984
Exchange differences	匯兌差額	134
Additions	添置	6,384
Amortisation	攤銷	(6,547)
Closing net book amount	年末賬面淨值	3,955
At 31 December 2010	於2010年12月31日	
Cost	成本	24,850
Accumulated amortisation	累計攤銷	(20,895)
Net book amount	賬面淨值	3,955
Year ended 31 December 2011	截至2011年12月31日止年度	
Opening net book amount	年初賬面淨值	3,955
Exchange differences	匯兌差額	11
Additions	添置	9,039
Amortisation	攤銷	(8,724)
Closing net book amount	年末賬面淨值	4,281
At 31 December 2011	於2011年12月31日	
Cost	成本	35,121
Accumulated amortisation	累計攤銷	(30,840)
Net book amount	賬面淨值	4,281

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

17. INVESTMENTS IN SUBSIDIARIES – COMPANY

17. 附屬公司投資—本公司

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Investments – unlisted equity interests, at cost	投資—非上市股權， 按成本值	646,729	553,280
Amounts due from subsidiaries (Note (b))	應收附屬公司款項(附註(b))	11,700	11,700
		658,429	564,980
Less: provision for impairment	減：減值撥備	–	–
		658,429	564,980

(a) Particulars of the principal subsidiaries at 31 December 2011 and 2010 are as follows: (a) 主要附屬公司於2011年及2010年12月31日之詳情如下：

Name 名稱	Place of establishment and type of legal entity 成立地點及公司性質	Principal place of operation and activities 主要經營地點及業務	Registered and paid-in capital 註冊及實收 資本	Interest held 所持權益
At 31 December 2011: 於2011年12月31日：				
CEC Integrated Circuit (Beijing) Co., Ltd* 中電集成電路(北京) 有限公司*	PRC, limited liability company 中國·有限責任公司	PRC, design, research and development and sale of integrated circuits 中國·集成電路之設計、 研發及銷售	US\$12,000,000 12,000,000美元	100% (Directly) (直接)
Huada Electronics 華大電子	PRC, limited liability company 中國·有限責任公司	PRC, design, research and development and sale of integrated circuits 中國·集成電路之設計、 研發及銷售	RMB50,000,000 人民幣50,000,000元	100% (Directly) (直接)
* It was newly established by the Company in March 2011. 該公司由本公司於2011年3月成立。				
At 31 December 2010: 於2010年12月31日：				
Huada Electronics 華大電子	PRC, limited liability company 中國·有限責任公司	PRC, design, research and development and sale of integrated circuits 中國·集成電路之設計、 研發及銷售	RMB50,000,000 人民幣50,000,000元	100% (Directly) (直接)

(b) The amounts due from subsidiaries are quasi-equity in nature, unsecured, interest-free and with no fixed term of repayment. (b) 應收附屬公司款項屬準權益性質，均為無抵押、免息，且無固定還款期。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

Available-for-sale financial assets represent unlisted equity interest in companies established in the PRC and are measured at costs less impairment at balance sheet date, as these assets do not have a quoted market price, the range of reasonable fair value estimates is significant and the possibilities of the various estimates cannot be reasonably assessed.

18. 可供出售金融資產—本集團

可供出售金融資產指在中國成立之非上市公司的股權，由於沒有可以引用的市場價格、合理估計的公允價值區間較大和無法合理估計多種假設的可能性，其於結算日以成本減減值撥備計量。

19. INVENTORIES – GROUP

Work in progress 在製品
Finished goods 製成品

19. 存貨—本集團

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Work in progress	在製品	49,244	63,080
Finished goods	製成品	219,213	198,232
		268,457	261,312

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$652,642,000 (2010: HK\$351,371,000).

確認為開支並計入銷售成本之存貨成本為652,642,000港元（2010年：351,371,000港元）。

Provision for inventories of HK\$8,345,000 (2010: HK\$8,216,000) has been charged to cost of sales.

為數8,345,000港元（2010年：8,216,000港元）之存貨撥備已計入銷售成本。

20. TRADE AND OTHER RECEIVABLES

20. 貿易及其他應收款項

		Group 本集團		Company 本公司	
		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元	31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Trade receivables	貿易應收款項	417,770	268,312	-	-
Less: provision for impairment (Note (c))	減：減值撥備 (附註(c))	(19,295)	(4,692)	-	-
		398,475	263,620	-	-
Other receivables from related parties (Note 29)	其他應收關聯人士 款項 (附註29)	134	-	218	-
Prepayments and deposits	預付款項及按金	2,723	7,871	513	523
Value-added tax refundable	可退還之增值稅	-	6,289	-	-
Other receivables	其他應收款項	3,340	2,678	8	261
		404,672	280,458	739	784

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For the year ended 31 December 2011 截至2011年12月31日止年度

20. TRADE AND OTHER RECEIVABLES

(Cont'd)

At 31 December 2011 and 2010, the carrying amounts of trade and other receivables of the Group and the Company approximate their fair values.

All trade and other receivables were due within 1 year, non interest-bearing and unsecured. Included in the balance of trade receivables are trade receivables from related parties of HK\$16,239,000 (2010: HK\$20,118,000) (Note 29).

Trade and other receivables of the Group at 31 December 2011 and 2010 are denominated in the following currencies:

		Group 本集團		Company 本公司	
		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元	31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Renminbi	人民幣	399,727	279,708	231	198
US dollar	美元	3,420	-	-	-
HK dollar	港元	1,525	750	508	586
		404,672	280,458	739	784

(a) The majority of the Group's sales are with credit terms of 30 days to 135 days. The remaining amounts are due immediately after the delivery of goods. At 31 December 2011, the ageing analysis of the trade receivables (net of provision for impairment) are as follows:

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
		Current to 30 days	30日內
31 – 60 days	31日至60日	24,256	56,515
Over 60 days and within 1 year	60日以上及1年內	102,117	92,936
Over 1 year	1年以上	1,804	491
		398,475	263,620

20. 貿易及其他應收款項 (續)

於2011年及2010年12月31日，本集團及本公司之貿易及其他應收款項之賬面值與其公允值相若。

所有貿易及其他應收款項均於一年內到期，並沒有計息及無抵押。計入貿易應收款項結餘內之應收關聯人士貿易款項為16,239,000港元（2010年：20,118,000港元）（附註29）。

本集團於2011年及2010年12月31日之貿易及其他應收款項按貨幣劃分如下：

(a) 本集團之銷售大部份之信貸期為30日至135日。其餘銷售於貨品交付時到期。於2011年12月31日，貿易應收款項（扣除減值撥備）之賬齡分析如下：

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20. TRADE AND OTHER RECEIVABLES

(Cont'd)

(b) The trade receivables which were past due but not impaired amounted to HK\$43,078,000 at 31 December 2011 (2010: HK\$31,964,000). These related to a number of customers with high reputation for whom there is no recent history of default, the ageing analysis of these trade receivables are as follows:

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
31 – 60 days	31日至60日	29,137	9,518
Over 60 days and within 1 year	60日以上及1年內	12,137	21,955
Over 1 year	1年以上	1,804	491
		43,078	31,964

The other classes within trade and other receivables do not contain impaired assets.

貿易及其他應收款項內之其他類別並無包含減值資產。

(c) Movements in the provision for impairment on the Group's trade receivables are as follows:

(c) 本集團貿易應收款項減值撥備之變動如下：

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Beginning of the year	年初	4,692	3,075
Provision for impairment	減值撥備	14,071	1,476
Exchange difference	匯兌差額	532	141
End of the year	年末	19,295	4,692

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21. CASH AND CASH EQUIVALENTS

21. 現金及現金等價物

		Group 本集團		Company 本公司	
		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元	31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Cash	現金				
At banks and on hand	銀行結存及現金	167,756	36,217	9,567	4,435
At other financial institutions	其他財務機構結存				
– A related party (Note 29)	– 關聯人士 (附註29)	29,874	–	24,670	–
		197,630	36,217	34,237	4,435
Short term deposits	短期存款				
At banks	銀行結存	63,017	137,053	11,202	125,518
At other financial institutions	其他財務機構結存				
– A related party (Note 29)	– 關聯人士 (附註29)	68,806	94,015	49,340	70,511
		131,823	231,068	60,542	196,029
		329,453	267,285	94,779	200,464

The effective interest rate on short term deposits at 31 December 2011 was 1.18% (2010: 1.07%) per annum. The maturity days of these deposits at 31 December 2011 were all within 90 days.

於2011年12月31日，短期存款之實際年利率為1.18%（2010年：1.07%）。於2011年12月31日，該等存款之到期日均為90日內。

22. ISSUED EQUITY/SHARE CAPITAL

22. 已發行權益／股本

(a) Issued equity – Group

(a) 已發行權益－本集團

		Number of shares 股份數目 '000 千股	Issued equity 已發行權益 HK\$'000 千港元
At 1 January 2010 and at 31 December 2010	於2010年1月1日及 於2010年12月31日	1,691,560	889,171
At 1 January 2011 and at 31 December 2011	於2011年1月1日及 於2011年12月31日	1,691,560	889,171

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綜合財務報表附註

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22. ISSUED EQUITY/SHARE CAPITAL

(Cont'd)

(a) Issued equity – Group (Cont'd)

- (i) The number of shares reflect the Company's ordinary share of HK\$0.01 each issued and fully paid.
- (ii) On 10 December 2003, CEC, the Company, the Company's then holding company, Winsan International Holdings Limited entered into a sale and purchase agreement. Pursuant to the agreement, the Company acquired CEC's 65% equity interest in Shenzhen Sang Fei Consumer Communications Company Limited ("Sang Fei") (the "Acquisition") and the consideration was satisfied by the issuance of the Company's 6,500,000,000 shares to CEC. The Acquisition was completed on 24 September 2004 and has been accounted for as a reverse acquisition. For accounting purpose, Sang Fei was regarded as the acquirer while the Company and its then subsidiaries were deemed to have been acquired by Sang Fei. Accordingly, the amount recognised as issued equity of the Group, which consisted of share capital and share premium, has been determined by adding to the issued equity of Sang Fei immediately before the completion of the Acquisition the cost of the acquisition of the Company and its then subsidiaries.

22. 已發行權益／股本 (續)

(a) 已發行權益－本集團 (續)

- (i) 股份數目反映本公司每股面值0.01港元之已發行及繳足普通股。
- (ii) 於2003年12月10日，中國電子集團、本公司及本公司當時的控股股東Winsan International Holdings Limited簽訂一份買賣協議。根據該協議，本公司收購中國電子集團於深圳桑菲消費通信有限公司（「桑菲」）的65%股本權益（「收購事項」），所涉及的對價已透過發行本公司6,500,000,000股股份予中國電子集團之方式支付。收購事項已於2004年9月24日完成，並被視作一項反收購。就會計涵義而言，桑菲被視作收購人，而本公司及其當時的附屬公司則被視作被桑菲收購。因此，確認為本集團已發行權益的金額（包括股本及股份溢價）乃按緊接收購事項完成前桑菲的已發行權益加收購本公司及其當時之附屬公司的成本而釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

22. ISSUED EQUITY/SHARE CAPITAL

(Cont'd)

(a) Issued equity – Group (Cont'd)

(iii) Upon the completion of the acquisition of the entire equity interests of Huada Electronics (“Huada Acquisition”) on 9 September 2009, 608,000,000 shares were allotted and issued, credited as fully paid, to the then shareholders of Huada Electronics as consideration shares at a price of HK\$0.91 per share. The total consideration amounting to HK\$553,280,000 was presented as an increase in share capital of HK\$6,080,000 and increase in share premium of HK\$547,200,000 in the separate financial statements of the Company in 2009. For accounting purpose, the 393,680,000 shares issued to China Huada as part of the Huada Acquisition were presented as if they had been issued at the previous balance sheet dates presented using the principles of merger accounting as prescribed in HKAG 5, and the opening balance of the issued equity of the Group had been increased by HK\$358,249,000 in the consolidated financial statements of the Group. The remaining 214,320,000 shares issued to the other then shareholders of Huada Electronics were accounted for as transactions with non-controlling interests, and the total consideration of HK\$195,031,000 was presented as an increase in the issued equity of the Group on 9 September 2009.

(b) Share capital – Company

22. 已發行權益／股本 (續)

(a) 已發行權益－本集團 (續)

(iii) 於2009年9月9日收購華大電子全部股本權益(「華大收購」)完成後，本公司已按每股0.91港元之價格向當時之華大電子股東配發及發行合共608,000,000股股份(入賬列作繳足)作為對價股份。該總對價為553,280,000港元，分別呈列於2009年之本公司獨立財務報表之股本增加6,080,000港元及股份溢價增加547,200,000港元。就會計涵義而言，華大收購中發行給中國華大之393,680,000股股份已按香港會計指引第5號所述之合併會計法原則在呈列時視為已於先前呈列之資產負債表日已發行，其總對價呈列於本集團綜合財務報表之期初本集團已發行權益增加358,249,000港元。發行餘下之214,320,000股股份給當時之其他華大電子股東則採用與非控制性權益進行的交易之入賬方法處理，其總對價呈列為本集團於2009年9月9日已發行權益增加195,031,000港元。

(b) 股本－本公司

		Ordinary share of HK\$0.01 each 每股面值0.01港元之 普通股				
		Authorised 法定 '000 千股	Issued and fully paid 已發行及繳足 '000 千股	Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2010 and at 31 December 2010	於2010年1月1日及 於2010年12月31日	30,000,000	1,691,560	16,916	872,255	889,171
At 1 January 2011 and at 31 December 2011	於2011年1月1日及 於2011年12月31日	30,000,000	1,691,560	16,916	872,255	889,171

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

23. OTHER RESERVES

Group

		Capital reserve	Surplus reserve	Share option reserve	Translation reserve	Merger reserve	Other reserve	Total
		資本儲備	盈餘儲備	購股權儲備	匯兌儲備	合併儲備	其他儲備	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		Note (a)	Note (b)	Note (c)		Note (d)	Note (e)	
		附註(a)	附註(b)	附註(c)		附註(d)	附註(e)	
At 1 January 2010	於2010年1月1日	930	16,309	3,046	29,608	(327,605)	(69,130)	(346,842)
Share option lapsed	已失效購股權	-	-	(3,046)	-	-	-	(3,046)
Currency translation differences	貨幣換算差額	-	-	-	8,517	-	-	8,517
At 31 December 2010	於2010年12月31日	930	16,309	-	38,125	(327,605)	(69,130)	(341,371)
At 1 January 2011	於2011年1月1日	930	16,309	-	38,125	(327,605)	(69,130)	(341,371)
Currency translation differences	貨幣換算差額	-	-	-	20,133	-	-	20,133
Reclassification	重新分類	(930)	-	-	-	-	930	-
At 31 December 2011	於2011年12月31日	-	16,309	-	58,258	(327,605)	(68,200)	(321,238)

(a) Capital reserve

Capital reserve represented the exchange differences arising from foreign currencies received for Sang Fei's paid-in capital.

(b) Surplus reserve

According to the laws and regulations of the PRC and enterprise's articles of association, the Company's PRC subsidiaries are required to provide for certain statutory funds, namely, general reserve fund and enterprise expansion fund, which are appropriated from profit after taxation but before dividend distribution based on the local statutory accounts prepared in accordance with accounting principles and relevant financial regulations applicable to enterprises established in the PRC. These PRC subsidiaries are required to allocate at least 10% of its profit after taxation to the reserve fund until the balance of such fund has reached 50% of its registered capital. Such appropriations are determined at the discretion of the board of directors. The general reserve fund can only be used, upon approval by the relevant authority, to offset accumulated deficit or increase capital. Enterprise expansion fund can be used to expand production or to increase capital.

23. 其他儲備

本集團

(a) 資本儲備

資本儲備指桑菲收到外幣實收資本而產生之匯兌差額。

(b) 盈餘儲備

根據中國法律及法規，以及企業之公司章程，本公司在中國之附屬公司須計提若干法定基金，分別為一般儲備基金及企業發展基金，均自根據按中國內地企業適用之會計原則及相關財務法規而編製之國內法定賬目計算之稅後但未計提股息分派之溢利中提取。此等中國附屬公司須將其稅後溢利最少10%分配至儲備基金，直至該儲備基金結餘達至其註冊資本之50%為止。此等撥款由董事會酌情釐定。一般儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。企業發展基金可用於擴大生產或增加資本。

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For the year ended 31 December 2011 截至2011年12月31日止年度

23. OTHER RESERVES (Cont'd)

Group (Cont'd)

(c) Share option reserve

For the year ended 31 December 2010, 4,350,000 share options lapsed and an amount of HK\$3,046,000 was transferred from share option reserve to retained earnings.

(d) Merger reserve

Merger reserve represents the difference between the fair value of the consideration shares issued to China Huada and the 64.75% of paid-in capital of Huada Electronics acquired from China Huada under common control.

(e) Other reserve

The amount recognised in other reserve includes the difference between the issued equity immediately before the disposal of Sang Fei (BVI) Company Limited and its subsidiaries and share capital and share premium of the Company, plus other reserve shared from Sang Fei upon the completion of the disposal; and the difference between the fair value of consideration shares issued to non-controlling interests of Huada Electronics for the acquisition of their interest in Huada Electronics and the Group's share of the carrying value of net assets of Huada Electronics acquired.

Company

		Contributed surplus 實繳盈餘 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2010	於2010年1月1日	61,672	3,046	64,718
Share option lapsed	已失效購股權	-	(3,046)	(3,046)
At 31 December 2010	於2010年12月31日	61,672	-	61,672
At 1 January 2011 and at 31 December 2011	於2011年1月1日及於2011年12月31日	61,672	-	61,672

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is distributable to shareholders in certain circumstances as specified in section 54 thereof.

23. 其他儲備 (續)

本集團 (續)

(c) 購股權儲備

於截至2010年12月31日止年度，4,350,000份購股權已失效，3,046,000港元由購股權儲備轉撥至保留溢利。

(d) 合併儲備

合併儲備指在共同控制下發行給中國華大對價股份之公允值與收購中國華大持有之64.75%華大電子實收資本之差額。

(e) 其他儲備

在其他儲備中確認之金額包括出售Sang Fei (BVI) Company Limited及其附屬公司前之已發行權益與本公司股本及股份溢價之差額，加上於出售完成後分佔桑菲之其他儲備；及因收購華大電子非控制性權益之權益而發行予華大電子非控制性權益之對價股份之公允值與集團應佔所收購華大電子之資產淨值賬面值之差異。

本公司

根據百慕達1981年公司法，本公司之實繳盈餘可於該條例第54條所訂明之若干情況下分派予股東。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

24. TRADE AND OTHER PAYABLES

24. 貿易及其他應付款項

		Group 本集團		Company 本公司	
		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元	31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Trade payables	貿易應付款項	218,966	201,830	–	–
Other payables from related parties (Note 29)	其他應付關聯人士款項 (附註29)	3,701	6,668	–	–
Accrued expenses	預提費用	1,363	3,050	1,363	3,050
Salary and welfare payables	應付職工薪酬	61,492	53,065	3,008	2,386
Deferred government grants (Note (a))	遞延政府補助 (附註(a))	79,813	74,674	–	–
Current income tax liabilities	當期所得稅負債	2,013	–	–	–
Other taxes payables	其他應付稅項	19,930	616	33	6
Other payables	其他應付款項	35,351	21,952	61	10
		422,629	361,855	4,465	5,452

(a) Amount represents various subsidies granted by and received from local government authorities for financing various research and development projects conducted by the Group. These subsidies will be recognised as income over the period necessary to match with the cost that they are intended to compensate.

(a) 該款項為因本集團研究及開發項目而從地方政府機關收取之各種補助。此補助將按該開支及補助之間之合理關係在補助之成本發生之期間確認為收益。

At 31 December 2011, the ageing analysis of the Group's trade payables are as follows:

於2011年12月31日，本集團貿易應付款項之賬齡分析如下：

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Current to 30 days	30日內	133,763	100,480
31 – 60 days	31日至60日	25,739	20,836
Over 60 days	60日以上	59,464	80,514
		218,966	201,830

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

24. TRADE AND OTHER PAYABLES (Cont'd)

Included in the balance of trade payables are trade payables to related parties amounted to HK\$167,452,000 (2010: HK\$136,436,000) (Note 29).

At 31 December 2011 and 2010, the carrying amounts of trade and other payables of the Group and Company approximate their fair values.

25. SHORT TERM BANK LOANS – GROUP

The bank loans at 31 December 2011 were repayable within one year and bear interest at the average borrowing rate of 6.56% per annum (2010: 5.56%).

The short term bank loans are all denominated in Renminbi and their carrying amounts approximate their fair values.

The Group has undrawn committed banking facilities of HK\$49,340,000 at 31 December 2011 (2010: HK\$47,008,000).

24. 貿易及其他應付款項 (續)

計入貿易應付款項結餘內之應付關聯人士貿易款項為167,452,000港元(2010年:136,436,000港元)(附註29)。

於2011年及2010年12月31日,本集團及本公司之貿易及其他應付款項之賬面值與其公允值相若。

25. 短期銀行貸款—本集團

於2011年12月31日,銀行貸款須於一年內償還及按平均借貸年利率6.56%(2010年:5.56%)計息。

短期銀行貸款均以人民幣計值,而其賬面值與其公允值相若。

於2011年12月31日,本集團尚未動用之已承諾銀行借貸備用額為49,340,000港元(2010年:47,008,000港元)。

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Unsecured	無抵押	24,670	23,504

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For the year ended 31 December 2011 截至2011年12月31日止年度

26. CASH GENERATED FROM/(USED IN) OPERATIONS

26. 經營產生／（所用）之現金

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Profit before taxation	除稅前溢利	131,229	63,126
Adjustment for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	5,639	7,867
Amortisation of intangible assets	無形資產攤銷	8,724	6,547
Interest received	收取利息	(2,928)	(2,742)
Interest paid	支付利息	1,646	1,109
Share of loss of an associate	分佔聯營公司虧損	253	227
Gain on disposal of an associate	出售聯營公司收益	(1,053)	–
(Gain)/Loss on disposal of property, plant and equipment	出售物業、廠房及設備（收益）／虧損	(619)	59
		142,891	76,193
Changes in working capital	營運資金變動		
Inventories	存貨	(7,820)	(176,702)
Trade and other receivables	貿易及其他應收款項	(131,933)	(71,949)
Trade and other payables	貿易及其他應付款項	93,969	61,537
Cash generated from/(used in) operations	經營產生／（所用）之現金	97,107	(110,921)

27. COMMITMENTS

27. 承擔

Operating lease commitments

經營租賃承擔

The Group's future aggregate minimum lease payments under non-cancellable operating leases for factories and office premises are as follows:

本集團根據不可解除之廠房及辦公室物業之經營租賃而須於未來支付之最低租賃款項總額如下：

		Group 本集團		Company 本公司	
		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元	31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Not later than one year	1年內	5,874	6,931	1,375	701
In the second to fifth year	第2年至第5年內	1,380	4,333	1,252	287
		7,254	11,264	2,627	988

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

28. CONTINGENT LIABILITIES

The Group did not have any material contingent liability at 31 December 2011 (2010: nil).

29. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to those transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

(a) Significant transactions with companies under common control of CEC

28. 或有負債

於2011年12月31日，本集團並無任何重大或有負債（2010年：無）。

29. 關聯人士交易及結餘

除於本綜合財務報表其他部份已披露的交易及結餘外，於本年度內本集團與關聯人士進行了下列各項重大交易：

(a) 與受中國電子集團共同控制之公司之重大交易

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Sales of products	銷售產品	60,775	54,397
Purchase of goods and services	採購貨品及服務	489,637	347,767
Interest received	收取利息	1,164	105
Rental paid	支付租金	564	384

The above transactions were carried out in the ordinary course of business and were on normal commercial terms.

上述交易乃於日常業務過程中按一般商務條款進行。

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綜合財務報表附註

For the year ended 31 December 2011 截至2011年12月31日止年度

29. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

(b) Significant balances with companies under common control of CEC

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Trade receivables	貿易應收款項	16,239	6,742
Other receivables	其他應收款項	134	-
Deposits	存款	98,680	94,015
Trade payables	貿易應付款項	167,452	136,436
Other payables	其他應付款項	3,701	3,526

Except for deposits, the above balances with related parties were unsecured, interest-free and settled according to the contract terms. The weighted-average annual interest rate of the deposits were 1.33% (2010: 1.50%).

29. 關聯人士交易及結餘 (續)

(b) 與受中國電子集團共同控制之公司之重大結餘

除存款外，上述關聯人士結餘為無抵押、免息並根據合同條款結算。存款之加權平均年利率為1.33% (2010年：1.50%)。

(c) Transactions and balances with an associate

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Sales of products	銷售產品	29,904	30,364

The above transactions for the year ended 31 December 2011 represented the transactions with the associate from 1 January 2011 to the date when it was disposed of (Note 6), and these transactions were carried out in the ordinary course of business and were on normal commercial terms.

(c) 與聯營公司之交易及結餘

上述截至2011年12月31日止年度之交易為本集團從2011年1月1日至該聯營公司被出售之日止與該聯營公司進行之交易(附註6)，而此等交易乃於日常業務過程中按一般商務條款進行。

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For the year ended 31 December 2011 截至2011年12月31日止年度

29. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd) 29. 關聯人士交易及結餘 (續)

(c) Transactions and balances with an associate (Cont'd) (c) 與聯營公司之交易及結餘 (續)

		31 December 2011 2011年12月31日 HK\$'000 千港元	31 December 2010 2010年12月31日 HK\$'000 千港元
Trade receivables	貿易應收款項	–	13,376
Other payables	其他應付款項	–	3,142

(d) Key management compensation (d) 主要管理人員酬金

		Year ended 31 December 截至12月31日止年度	
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,527	3,209
Contributions to retirement schemes	退休計劃供款	130	105
		3,657	3,314

Five-year Financial Summary 五年財務資料摘要

Set out below is a summary of the financial information of the Group for the last five years.

以下為本集團過去五個財政年度財務資料摘要。

RESULTS

業績

		Year ended 31 December 截至12月31日止年度				
		2011 2011年 HK\$'000 千港元	2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)	2007 2007年 HK\$'000 千港元 (Restated) (重列)
		(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Unaudited) (未經審核)
					(i)	(i)
Continuing operations Revenue	持續經營之業務收入	995,111	574,586	460,533	621,805	652,767
Profit before taxation	除稅前溢利	131,229	63,126	60,995	121,571	131,873
Taxation	稅項	(16,570)	(3,185)	(7,171)	(16,997)	(4,756)
Profit for the year from continuing operations	持續經營之業務之本年度溢利	114,659	59,941	53,824	104,574	127,117
(Loss)/Profit for the year from discontinued operation	已終止經營之業務之本年度(虧損)/溢利	-	-	(15,819)	(324,068)	12,713
Profit/(Loss) for the year	本年度溢利/(虧損)	114,659	59,941	38,005	(219,494)	139,830
Attributable to:	歸屬於:					
Owners of the Company	本公司權益持有者	114,659	59,941	41,072	(146,327)	90,505
Non-controlling interests	非控制性權益	-	-	(3,067)	(73,167)	49,325
		114,659	59,941	38,005	(219,494)	139,830

Five-year Financial Summary (Cont'd)

五年財務資料摘要 (續)

ASSETS AND LIABILITIES

資產及負債

		31 December 12月31日				
		2011	2010	2009	2008	2007
		2011年	2010年	2009年	2008年	2007年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Audited)	(Audited)	(Audited)	(Restated)	(Restated)
		(經審核)	(經審核)	(經審核)	(重列)	(重列)
					(i)	(i)
Total assets	資產總額	1,054,878	858,146	732,790	2,001,367	2,432,284
Total liabilities	負債總額	(447,299)	(385,359)	(328,461)	(1,445,066)	(1,528,812)
Non-controlling interests	非控制性權益	-	-	-	(117,226)	(235,745)
		607,579	472,787	404,329	439,075	667,727

(i) The financial summary for the year ended 31 December 2007 and 2008 are restated using the principles of merger accounting as prescribed in HKAG 5, details of which are set out in Note 2.1 of the consolidated financial statements for the year ended 31 December 2009.

(i) 截至2007年及2008年12月31日止年度之財務資料摘要乃採用香港會計指引第5號所述之合併會計法原則重列，有關詳情已載於2009年12月31日止年度之綜合財務報表附註2.1內。

