



KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED
泰 盛 實 業 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 1159

2011 *Annual Report*
年報

CONTENTS

目錄

Corporate Information	公司資料	1
Chairman's Statement	主席報告	3
Management Discussion and Analysis	管理層回顧及業績分析	6
Corporate Governance Report	企業管治報告	10
Directors' Profiles	董事簡介	18
Directors' Report	董事會報告書	22
Independent Auditor's Report	獨立核數師報告	33
Consolidated Statement of Comprehensive Income	綜合全面損益表	42
Consolidated Statement of Financial Position	綜合財務狀況表	44
Consolidated Statement of Changes in Equity	綜合權益變動表	45
Consolidated Statement of Cash Flows	綜合現金流量表	46
Notes to the Consolidated Financial Statements	綜合財務報表附註	48
Financial Summary	財務總表	131

CORPORATE INFORMATION

公司資料

DIRECTORS

Executive Directors

Mr. Sun Ying Chung (*Chairman and Managing Director*)
Mr. Chan Sung Wai (*Deputy Chairman*)
Mr. Wong King Lam, Joseph

Non-executive Directors

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent non-executive Directors

Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

COMPANY SECRETARY

Mr. Cheng Mei Chau

AUDIT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

REMUNERATION COMMITTEE

Mr. Law Chun Choi (*Chairman*)
Mr. Sun Ying Chung
Mr. Lum Pak Sum
Mr. Mak Ka Wing, Patrick

NOMINATION COMMITTEE

Mr. Sun Ying Chung (*Chairman*)
Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

INVESTMENT STEERING COMMITTEE

Mr. Yang Yiu Chong, Ronald Jeffrey (*Chairman*)
Mr. Chan Sung Wai
Mr. Lum Pak Sum

董事

執行董事

辛衍忠先生 (*主席兼董事總經理*)
陳崇煒先生 (*副主席*)
黃景霖先生

非執行董事

李國樑先生
楊耀宗先生

獨立非執行董事

林栢森先生
羅進財先生
麥家榮先生

公司秘書

鄭美洲先生

審核委員會

林栢森先生 (*主席*)
羅進財先生
麥家榮先生

薪酬委員會

羅進財先生 (*主席*)
辛衍忠先生
林栢森先生
麥家榮先生

提名委員會

辛衍忠先生 (*主席*)
林栢森先生
羅進財先生
麥家榮先生

投資督導委員會

楊耀宗先生 (*主席*)
陳崇煒先生
林栢森先生

CORPORATE INFORMATION

公司資料

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 3404, 34th Floor
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

總辦事處及主要營業地點

香港
中環夏慤道12號
美國銀行中心
34樓3404室

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

核數師

德勤•關黃陳方會計師行
香港執業會計師

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pemborke HM08
Bermuda

百慕達主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pemborke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

股份過戶登記香港分處

卓佳秘書商務有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心
26樓

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited

主要往來銀行

中國銀行(香港)有限公司
中國銀行股份有限公司
恒生銀行有限公司
香港上海滙豐銀行有限公司
創興銀行有限公司

WEBSITE

<http://www.aplushk.com/clients/1159>

網址

<http://www.aplushk.com/clients/1159>

CHAIRMAN'S STATEMENT

主席報告

Dear shareholders,

On behalf of the board ("Board") of directors (the "Directors") of Karce International Holdings Company Limited (the "Company"), together with its subsidiaries (the "Group"), I present herewith to the shareholders of the Group the annual report and audited consolidated results of the Group for the year ended 31 December 2011.

RESULTS OF THE YEAR

2011 had been a year of consolidation for the Group, and results of its efforts were reflected in the segment profit of its conductive silicon rubber keypads trading business and ongoing talks with original vendor for a buy-back of the discontinued LCoS television operations.

During the year under review, the Group continued to exercise stringent cost control and expand the scope of trading of the associated products of conductive silicon rubber keypads. For the year ended 31 December 2011, the Group's conductive silicon rubber keypads trading business reported a segment profit of HK\$836,000 (2010: HK\$1,273,000). However, weak market demand due to the trend for touchscreen keyboards had caused the revenue of this segment to drop from HK\$26,524,000 of 2010 to HK\$5,025,000.

With respect to the LCoS television business, the Group has been actively looking for potential buyers, including the original vendors, to acquire the business. In January 2011, the Group entered into a formal agreement with an independent third party ("Purchaser") for the disposal of the LCoS television operations, with a non-refundable deposit of HK\$50 million paid to the Group. However, the agreement was cancelled after certain conditions under the agreement had not been fulfilled by the long stop date (i.e. 30 June 2011). Pursuant to the cancellation agreement, the Group was able to retain HK\$15 million of the deposit, and returned the remaining HK\$35 million to the Purchaser. During the year under review, the Group continued to hold talks with the original vendors on a possible buy-back of the television operations.

致各股東：

本人謹代表泰盛實業集團有限公司（「本公司」，連同其附屬公司統稱「本集團」）董事（「董事」）會（「董事會」）向本集團各股東提呈本集團截至二零一一年十二月三十一日止年度之年度報告及經審核綜合業績。

本年度業績

二零一一年為本集團整固的一年，而其努力成果已於導電硅橡膠按鍵貿易業務錄得分部溢利內反映，並繼續與原賣方洽商回購已終止之LCoS電視業務。

於回顧年度內，本集團繼續實施嚴格之成本控制及擴展貿易導電硅橡膠按鍵相關產品之範圍。截至二零一一年十二月三十一日止年度，本集團之導電硅橡膠按鍵貿易業務錄得分部溢利為836,000港元（二零一零年：1,273,000港元）。然而，由於觸屏鍵盤已成發展趨勢而致使此類產品之市場需求疲弱，從而導致本分部收入由二零一零年之26,524,000港元下降至5,025,000港元。

就LCoS電視業務而言，本集團一直在積極尋找潛在買家（包括原賣方）以收購此項業務。於二零一一年一月，本集團與一名獨立第三方（「買家」）訂立正式協議以出售LCoS電視業務，並已向本集團支付不可退還按金50,000,000港元。然而，該協議已因該協議項下之若干條件未能於最後截止日期（即二零一一年六月三十日）前達成而已被撤銷。根據撤銷協議，本集團可保留按金15,000,000港元，並已向買家退還餘下35,000,000港元。於回顧年度內，本集團繼續與原賣方洽商可能回購電視業務事宜。

CHAIRMAN'S STATEMENT

主席報告

The cancellation of the formal agreement had resulted in a loss of HK\$35 million from the LCoS television operations for the year under review, as compared to a profit of HK\$50 million recognised (as the reversal of impairment loss recognised in respect of the intangible asset) in 2010. Taking into account this factor, together with a significant decline in the revenue of the conductive silicon rubber keypads trading business, the Group reported for the 2011 financial year a loss attributable to owners of the Company of HK\$75.4 million (2010: profit of HK\$24.4 million). Basic loss per share from continuing and discontinued operations for the year under review was approximately 10.74 HK cents (2010: earnings per share of 3.48 HK cents).

During the year, the Group took advantage of the stock market volatility and invested in certain blue-chip stocks at relatively lower prices. The Group aims to hold the equity investments for long term purposes.

In December 2011, the Group terminated the acquisition of a chromium project in the Republic of Madagascar. The Group noted from the latest information on the subject mines that there was not enough evidence showing the existence of a sizable chromium resources in the mines. Moreover, the progress of geotechnical investigation on the subject mines procured by the vendor had been slow and unorganised, and much investigation and drilling was needed to be done before the competent person's report and valuation report could be compiled according to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). After taking into account the above factors, the Group decided to terminate the acquisition agreements with the vendors, which is in the interest of the Company and its shareholders as a whole.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011.

撤銷正式協議已導致LCoS電視業務於回顧年度錄得虧損35,000,000港元，而於二零一零年則確認溢利50,000,000港元（作為就無形資產確認之減值虧損撥回）。經計及此因素，加上導電硅膠按鍵貿易業務之收入大幅下降，本集團於二零一一年財政年度呈報本公司擁有人應佔虧損75,400,000港元（二零一零年：溢利24,400,000港元）。於回顧年度，來自持續經營業務及終止經營業務每股基本虧損約為10.74港仙（二零一零年：每股盈利3.48港仙）。

年內，本集團把握股市波動之機會，以相對較低價格投資於若干藍籌股。本集團旨在作長期用途持有該等股權投資。

於二零一一年十二月，本集團終止收購馬達加斯加共和國之鉻礦項目。本集團從有關該等礦山之最新資料中獲悉，並無足夠證據顯示該等礦山存在大量鉻資源。此外，賣方所促使之對有關該等礦山之地質調查進程緩慢及缺乏組織性，而在可根據香港聯合交易所有限公司證券上市規則（「上市規則」）之規定編製合資格人士報告及估值報告前仍須進行大量調查及鑽探工作。經計及上述因素後，本集團決定與賣方終止收購協議，並認為此決定符合本公司及其股東之整體利益。

股息

董事會並不建議派付截至二零一一年十二月三十一日止年度之末期股息。

CHAIRMAN'S STATEMENT

主席報告

FUTURE PLANS AND PROSPECTS

In 2012, the global economy will continue to be under the shadow of a stagnant US economic outlook and yet-to-be-resolved European debt crisis. Against such a backdrop, the Group intends to achieve further business rationalisation and diversification.

Disposal of the discontinued LCoS television business remains high on the agenda of the Group's 2012 tasks. The Group will continue to negotiate with the original vendors to buy back the television operations.

For the conductive silicon rubber keypads trading business, the operating environment will remain difficult. Rising demand for touchscreen devices will further shrink the conductive silicon rubber keypads industry pie. To sustain revenue of its conductive silicon rubber keypads trading business, the Group will keep on identifying suitable products to expand its trading portfolio.

Apart from consolidating its existing operations, the Group has been actively identifying opportunities for business diversification to enlarge its earning base. The Group aims at seeking to invest in businesses with high growth potential and good returns. The Group's management, who have extensive investment experience, will take a prudent approach in identifying and investing in projects that will be in the interest of the Company and shareholders as a whole.

ACKNOWLEDGEMENTS

Finally, on behalf of the Board, I would like to express my sincere gratitude to the management and all the employees of the Group for their dedication. I would also like to thank our shareholders, suppliers, bankers and customers for their continuous support.

Sun Ying Chung
Chairman

Hong Kong
28 March 2012

未來計劃及展望

於二零一二年，全球經濟將繼續處於美國經濟前景呆滯及尚待解決歐洲債務危機之陰霾籠罩下；為應對此形勢，本集團擬進一步實現業務重整及多元化。

出售已終止LCoS電視業務仍為本集團二零一二年工作議程之重點。本集團將繼續與原賣方磋商回購電視業務。

就導電硅膠按鍵貿易業務而言，經營環境仍然艱難。觸屏裝置之需求不斷上升將進一步壓縮導電硅膠按鍵行業佔有率。為維持本集團之導電硅膠按鍵貿易業務之收入，本集團將繼續物色適合產品以擴大其貿易組合。

除整固其現有業務外，本集團一直在積極物色業務多元化之機遇以擴闊其盈利基礎。本集團致力尋求投資於具高增長潛力及優良回報之業務。本集團擁有豐富投資經驗之管理層將採取審慎方法，物色及投資於將符合本公司及股東整體利益之項目。

致謝

最後，對於本集團管理層及全體僱員盡忠職守，本人謹代表董事會致以深切謝意。此外，就各股東、供應商、往來銀行及客戶對本集團不斷支持，本人謹此致謝。

主席
辛衍忠

香港
二零一二年三月二十八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層回顧及業績分析

BUSINESS AND OPERATIONAL REVIEW

Conductive silicon rubber keypads trading continued to be the Group's core business. For the year ended 31 December 2011, the Group exercised stringent cost control in order to reduce operating expenses and maintain its competitiveness. In an attempt to diversify its product portfolio and enhance its earning base, the Group expanded the scope of trading to include products related to conductive silicon rubber keypads during the period under review.

With respect to the discontinued LCoS television operation, the agreement for the disposal of this business was cancelled and an impairment loss of HK\$50,000,000 was recognised in respect of intangible asset during the year under review. Simultaneously, a gain of HK\$15,000,000 on the forfeited deposit for the disposal of LCoS television business was recognised.

As a result, the Group reported a loss attributable to owners of the Company of approximately HK\$75,423,000 for the year ended 31 December 2011, as opposed to a profit of approximately HK\$24,429,000 for 2010. Basic loss per share from continuing and discontinued operations for the year under review was approximately 10.74 HK cents (2010: basic earnings per share of 3.48 HK cents).

SEGMENTAL ANALYSIS

Conductive Silicon Rubber Keypads

The market environment of conductive silicon rubber keypads continued to be extremely severe during the year under review. Immense popularity of smartphones and touch-screen computers undermined the sales volume of conductive silicon rubber keypads. Selling prices of conductive silicon rubber keypads had been declining amid weak demand for traditional electronic devices with keypads. The trend inevitably had adverse effects on the revenue of the Group's conductive silicon rubber keypad trading business.

業務及營運回顧

導電硅橡膠按鍵貿易仍為本集團之核心業務。截至二零一一年十二月三十一日止年度，本集團實施嚴格之成本控制以降低營運開支及維持其競爭力。為求多元化其產品組合及提升盈利基礎，本集團於回顧期內擴大貿易範圍以涵蓋與導電硅橡膠按鍵相關之產品。

就終止經營LCoS電視業務而言，此項業務之出售協議已被撤銷，並於回顧年度內確認無形資產之減值虧損50,000,000港元，同時確認出售LCoS電視業務之沒收按金收益15,000,000港元。

因此，本集團於截至二零一一年十二月三十一日止年度錄得本公司擁有人應佔虧損約75,423,000港元，而二零一零年則錄得收益約24,429,000港元。於回顧年度來自持續經營業務及終止經營業務之每股基本虧損約為10.74港仙（二零一零年：每股基本盈利為3.48港仙）。

分部分析

導電硅橡膠按鍵

導電硅橡膠按鍵之營商環境於回顧年度內仍極為嚴峻。智能手機及觸屏電腦廣受歡迎，令導電硅橡膠按鍵之銷量下跌。配有按鍵之傳統電子設備之需求疲弱令導電硅橡膠按鍵之售價一直下跌。此趨勢已不可避免地對本集團之導電硅橡膠按鍵貿易業務之收益造成不利影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層回顧及業績分析

On the other hand, the production costs of this segment remained high as a result of the rise in wages and raw material costs. Furthermore, the Company also recognised cost of moulds amounting HK\$1,900,000 as cost of inventories in the consolidated statement of comprehensive income for the year ended 31 December 2011.

The Group's conductive silicon rubber keypads trading business for the year under review reported a segment profit of HK\$836,000 (2010: HK\$1,273,000).

LCoS Television

The Group and an independent third party entered into a formal agreement in January 2011 for the disposal of its LCoS television business. The consideration for the disposal amounted to HK\$637,500,000, with HK\$50,000,000 as a non-refundable deposit ("Deposit") and part payment of the consideration. The Deposit had been paid to the Company upon the signing of the formal agreement. Based on the amount of the Deposit, an impairment loss recognised in respect of intangible asset of HK\$50,000,000 was reversed, which was recognised as profit from discontinued (LCoS television) operations for the year ended 31 December 2010.

However, the agreement was cancelled after certain conditions thereunder had not been fulfilled by the long stop date (i.e. 30 June 2011). Pursuant to the cancellation of the agreement, an impairment loss of HK\$50,000,000 was recognised in respect of intangible asset during the year under review. After negotiation, the Company was able to retain HK\$15,000,000 of the Deposit, which was treated as gain on forfeiture of the deposit for the disposal of the LCoS television business. As a result of the aforesaid factors, a loss of HK\$35,000,000 was reported from the discontinued (LCoS television) operations for the year under review.

另一方面，由於工資上升以及原材料成本上升，該分部之生產成本持續高企。此外，本公司亦於截至二零一一年十二月三十一日止年度之綜合全面損益表確認模具成本1,900,000港元作為存貨成本。

本集團之導電硅橡膠按鍵貿易業務於回顧年度錄得分部溢利836,000港元（二零一零年：1,273,000港元）。

LCoS電視

本集團與獨立第三方已於二零一一年一月就LCoS電視業務之出售事項訂立正式協議。出售代價為637,500,000港元，其中50,000,000港元為不可退還按金（「按金」）以及部分代價付款。按金已於簽訂正式協議時支付予本公司。根據按金金額，就無形資產確認之減值虧損50,000,000港元已予撥回，並於截至二零一零年十二月三十一日止年度確認為終止經營（LCoS電視）業務之溢利。

然而，於該協議項下之若干條件無法於最後完成日期（即二零一一年六月三十日）前達成後，該協議已被撤銷。根據協議之撤銷，本集團於回顧年度內確認無形資產之減值虧損50,000,000港元。經磋商後，本公司可保留15,000,000港元之按金，有關款項按沒收出售LCoS電視業務按金收益處理。由於上述因素所致，本集團於回顧年度自終止經營（LCoS電視）業務錄得虧損35,000,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層回顧及業績分析

CAPITAL STRUCTURE

As at 31 December 2011, the Group had a deficiency in shareholders' equity of approximately HK\$306,857,000 (31 December 2010: a deficiency of approximately HK\$231,420,000). As at 31 December 2011, the short term and long term interest bearing debts to shareholders' equity was nil (31 December 2010: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 December 2011, the Group's bank balances and cash amounted to approximately HK\$19,293,000 (31 December 2010: HK\$15,856,000).

In 2011, the current ratio was approximately 0.24 (2010: approximately 12.4) based on current assets of approximately HK\$21,631,000 and current liabilities of approximately HK\$90,793,000.

As at 31 December 2011, the Group was in a net cash position. The Directors considered that the Group shall have sufficient financial resources to meet its working capital requirement.

資本結構

於二零一一年十二月三十一日，本集團之股東權益虧絀約為306,857,000港元（二零一零年十二月三十一日：虧絀約231,420,000港元）。於二零一一年十二月三十一日，短期及長期計息債務佔股東權益比率為零（二零一零年十二月三十一日：零）。

流動資金及財政資源

本集團一般以內部產生之現金流量及其往來銀行提供之銀行信貸為其業務提供資金。

審慎理財及選擇性投資條件令本集團之財政狀況維持穩健。於二零一一年十二月三十一日，本集團之銀行結餘及現金約為19,293,000港元（二零一零年十二月三十一日：15,856,000港元）。

於二零一一年，流動比率約為0.24（二零一零年：約12.4），此乃按流動資產約21,631,000港元及流動負債約90,793,000港元之基準計算。

於二零一一年十二月三十一日，本集團處於淨現金狀況。董事認為，本集團具備充足財務資源應付其營運資金需求。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層回顧及業績分析

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars and the United States dollars. The Group was not exposed to material exchange risks and had not employed any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group employed approximately 8 employees in Hong Kong. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also participate in the share option scheme of the Group.

CONTINGENT LIABILITY

At 31 December 2011, the Group had no significant contingent liability.

外匯風險管理

本集團大部份資產及負債、收入及支出均以港元及美元計值。本集團並無面臨重大匯率風險，故此並無採用任何金融工具作對沖用途。

僱員及酬金政策

於二零一一年十二月三十一日，本集團在香港僱用約8名僱員。本集團之薪酬政策主要根據現時之市場薪酬水平，以及各公司及員工個別之表現為基準釐定。僱員亦可參與本集團之購股權計劃。

或然負債

於二零一一年十二月三十一日，本集團並無重大或然負債。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company regularly reviews the corporate governance procedures and developments of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year under review, except for the deviations from provisions A.2.1 and A.4.1 of the Code which are explained in the relevant paragraph as below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2011.

BOARD OF DIRECTORS

During the year till the date of this report, the members of the board of Directors included:

Executive Directors

Mr. Sun Ying Chung (*Chairman and Managing Director*)
Mr. Chan Sung Wai (*Deputy Chairman*)
Mr. Wong King Lam, Joseph

Non-executive Directors

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent non-executive Directors

Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

企業管治常規

本公司已設立正式並具透明度之程序以保障本公司股東之利益。本公司定期檢討本公司之企業管治程序及發展。於回顧年度，本公司已應用香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「守則」）所列之原則並遵守所有守則條文，惟偏離守則條文第A.2.1及A.4.1條除外，其於下文相關段落內闡述。

董事之證券交易

本公司已採納條款不遜於上市規則附錄10所載交易規定標準之董事進行證券交易之行為守則。經向全體董事作出特定查詢後，各董事於截至二零一一年十二月三十一日止年度已一直遵守該等行為守則及交易規定標準以及其董事進行證券交易之行為守則。

董事會

於本年度直至本報告日期，董事會成員包括：

執行董事

辛衍忠先生（*主席兼董事總經理*）
陳崇煒先生（*副主席*）
黃景霖先生

非執行董事

李國樑先生
楊耀宗先生

獨立非執行董事

林栢森先生
羅進財先生
麥家榮先生

CORPORATE GOVERNANCE REPORT

企業管治報告

The board of Directors held several board meetings during the year ended 31 December 2011. Details of the attendance of the meetings of the board of Directors are as follows:

董事會於截至二零一一年十二月三十一日止年度內舉行多次董事會會議。董事會之會議出席詳情如下：

Directors	董事	Attendance 出席次數
Executive Directors		
Mr. Sun Ying Chung	辛衍忠先生	6/13
Mr. Chan Sung Wai	陳崇煒先生	9/13
Mr. Wong King Lam, Joseph	黃景霖先生	13/13
Non-executive Directors		
Mr. Lee Kwok Leung	李國樑先生	8/13
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生	12/13
Independent non-executive Directors		
Mr. Lum Pak Sum	林栢森先生	13/13
Mr. Law Chun Choi	羅進財先生	13/13
Mr. Mak Ka Wing, Patrick	麥家榮先生	13/13

CORPORATE GOVERNANCE REPORT

企業管治報告

Apart from the above regular board meetings of the year, the board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting. The board of Directors has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, Directors' appointment, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the board of Directors to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Sun Ying Chung throughout the year 2011.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

除本年度上述董事會定期會議外，董事會將於須就特定事項作出董事會層面之決定之其他情況下舉行會議。董事於每次董事會會議前取得議程項目及委員會會議記錄之詳情。董事會保留其對企業策略、全年及中期業績、董事委任、繼任計劃、風險管理、重大收購、出售及資本交易，以及其他重大營運及財務事宜之決策及審議權。董事會向管理層作出特定委託之主要企業事宜包括編製全年及中期賬目以於公開報告前供董事會批准、執行董事會採納之業務策略及新計劃、實行充分之內部監控制度及風險管理程序，以及遵守相關法例規定、規則及規例。

主席兼行政總裁

根據守則條文第A.2.1條，主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司主席與行政總裁之間職責之分工應清楚界定並以書面列載。於二零一一年整個年度，本公司之主席與行政總裁之角色並無區分，乃由辛衍忠先生一人兼任。

董事定期會面以考慮影響本集團營運之重大事項。因此，董事認為此組織架構將不會損害董事與本集團管理層之間的權力及職權平衡，並相信此組織架構將可令本集團迅速及有效率地作出及落實決定。

CORPORATE GOVERNANCE REPORT

企業管治報告

NON-EXECUTIVE DIRECTORS

Under the code provision A.4.1, the appointment of non-executive Directors should have been appointed for a specific term.

During the year ended 31 December 2011, the non-executive Directors were not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's by-laws.

NOMINATION COMMITTEE

The Nomination Committee was established on 28 March 2012. It comprises of three independent non-executive Directors and the Chairman of the Board, and is currently chaired by Mr. Sun Ying Chung.

Its primary objectives include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

The Nomination Committee has not held any meeting since its establishment.

REMUNERATION COMMITTEE

Under the code provision B.1.1, the Company should establish a remuneration committee (the "Remuneration Committee") with specific written terms of reference which deal clearly with its authority and duties. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, such as any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive Directors.

非執行董事

根據守則條文第A.4.1條，委任非執行董事須以特定任期予以委任。

截至二零一一年十二月三十一日止年度內，非執行董事並非按特定任期委任，因彼等須根據本公司之細則於本公司之股東週年大會上輪值退任並重選連任。

提名委員會

提名委員會於二零一二年三月二十八日成立。提名委員會由三名獨立非執行董事及董事會主席組成，及目前由辛衍忠先生擔任主席。

其主要目標包括檢討董事會之架構、規模及組成、物色符合資格成為董事會成員之合適人士、評估獨立非執行董事之獨立性及就與委任或重新委任董事之相關事宜向董事會作出推薦意見。

提名委員會自其成立以來並無舉行任何會議。

薪酬委員會

根據守則條文第B.1.1條，本公司應設立具有明確成文權責範圍之薪酬委員會（「薪酬委員會」），有關權責範圍應清楚說明委員會之權限及職責。薪酬委員會之角色及職能包括釐定全體執行董事及本公司高級管理人員之特定薪酬待遇，包括實物利益、退休金權利及賠償金（包括喪失或終止職務或委任之賠償），並就非執行董事之薪酬向董事會提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the year and until the date of this report, members of the Remuneration Committee included:

Mr. Sun Ying Chung
Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

Three meetings of the Remuneration Committee were held in 2011 to discuss remuneration related matters. Details of the attendance of the meeting of the Remuneration Committee are as follows:

於本年度直至本報告日期，薪酬委員會之成員包括：

辛衍忠先生
林栢森先生
羅進財先生
麥家榮先生

薪酬委員會於二零一一年舉行三次會議，以討論薪酬相關事宜。薪酬委員會會議之出席詳情如下：

Members	成員	Attendance 出席次數
Mr. Sun Ying Chung	辛衍忠先生	2/3
Mr. Lum Pak Sum	林栢森先生	3/3
Mr. Law Chun Choi	羅進財先生	3/3
Mr. Mak Ka Wing, Patrick	麥家榮先生	2/3

The Remuneration Committee has considered and reviewed the existing terms of employment contracts of the executive Directors and appointment letters of the non-executive Directors with reference to the factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Company and desirability of performance-based remuneration. The Remuneration Committee considers that the existing terms of employment contracts of the executive Directors and appointment letters of the non-executive Directors are fair and reasonable. Details of the emolument policy of the Directors are set out on page 31 of this report.

薪酬委員會已參照包括可資比較公司所支付之薪金、董事付出之時間及職責、本公司其他職位之聘用條件及應否按表現釐訂薪酬等因素，考慮及檢討執行董事聘用合約及非執行董事委任函之現有條款。薪酬委員會認為執行董事聘用合約及非執行董事委任函之現有條款屬公平合理。董事之酬金政策詳情載於本報告第31頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITORS' REMUNERATION

The Company's external auditors are Deloitte Touche Tohmatsu (the "Auditors"). The audit committee of the Group (the "Audit Committee") is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group. For the year ended 31 December 2011, the Auditors have performed audit services and their remuneration in respect of audit service is HK\$880,000.

AUDIT COMMITTEE

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process and internal control systems. During the year and until the date of this report, members of the Audit Committee included:

Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

核數師酬金

本公司之外聘核數師為德勤•關黃陳方會計師事務所（「核數師」）。本集團之審核委員會（「審核委員會」）負責考慮委任外聘核數師及檢討外聘核數師所執行之任何非核數職能，包括該等非核數職能會否對本集團構成任何潛在重大不利影響。截至二零一一年十二月三十一日止年度，核數師已履行核數服務，彼等有關核數服務之酬金為880,000港元。

審核委員會

本公司已按照上市規則第3.21條之規定成立具有明確成文權責範圍之審核委員會，有關權責範圍應清楚說明其權限及職責。其主要職責為檢討及監督本集團之財務報告程序及內部監控系統。於本年度直至本報告日期，審核委員會之成員包括：

林栢森先生
羅進財先生
麥家榮先生

CORPORATE GOVERNANCE REPORT

企業管治報告

The Audit Committee held two meetings during the year under review. Details of the attendance of the meetings of the Audit Committee are as follows:

於回顧年度內，審核委員會共舉行兩次會議。審核委員會會議之出席詳情如下：

Members	成員	Attendance 出席次數
Mr. Lum Pak Sum	林栢森先生	2/2
Mr. Law Chun Choi	羅進財先生	2/2
Mr. Mak Ka Wing, Patrick	麥家榮先生	2/2

The Group's audited consolidated results for the year ended 31 December 2011 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

審核委員會已審閱本集團截至二零一一年十二月三十一日止年度之經審核綜合業績。審核委員會認為該等業績之編製符合適用會計準則、上市規則及法律規定，並已作出充分披露。

The Audit Committee considered that the existing proposed terms in relation to the appointment of the Group's external auditors are fair and reasonable.

審核委員會認為有關委任本集團外聘核數師之現有建議條款屬公平合理。

INVESTMENT STEERING COMMITTEE

An Investment Steering Committee was established in June 2010 which composed of one executive Director, one non-executive Director and one independent non-executive Director. The Committee is responsible for the consideration, recommendation of potential investment projects. Ad-hoc meetings will be held when potential projects are identified. During the meeting, they will review individual project's position and action to be taken if necessary, and to recommend to the board for consideration and approval.

投資督導委員會

投資督導委員會於二零一零年六月成立，由一名執行董事、一名非執行董事及一名獨立非執行董事組成。該委員會負責考慮及建議潛在投資項目。臨時會議於識別潛在項目時舉行。於會議上，彼等將檢討個別項目狀況及將採取之行動（如有需要），並向董事會作出推薦建議，以供考慮及批准。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders of the Company are set out on pages 33 and 34 of this report.

INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the Group's system of internal control to ensure the effective and adequate internal control system. The Board convened meetings regularly to discuss financial, operational and compliance controls risk management functions.

COMMUNICATION WITH SHAREHOLDERS

The Company discloses relevant information to shareholders through the Company's annual report and financial statements, the interim report, as well as the Annual General Meeting ("AGM"). The AGM allows the Directors to meet and communicate with shareholders.

To further promote effective communication, the corporate website is maintained to disseminate Company announcements and other relevant financial and non-financial information electronically on a timely basis.

董事及核數師對賬目之責任

董事對賬目之責任及外聘核數師對本公司股東之責任載於本報告第33及34頁。

內部監控

董事會已對本集團之內部監控制度之成效進行檢討，以確保內部監控制度行之有效及並無不足。董事會定期召開會議以討論財務、經營及遵例監控風險管理職能。

與股東的溝通

本公司透過本公司之年報及財務報表、中期報告以及股東週年大會（「股東週年大會」）向股東披露相關資料。股東週年大會可讓董事與股東會面及溝通。

為進一步促進有效溝通，本公司已設立公司網站，以電子方式及時發放本公司之公佈以及其他相關財務及非財務資料。

DIRECTORS' PROFILES

董事簡介

EXECUTIVE DIRECTORS

Mr. Sun Ying Chung ("Mr. Sun"), aged 72, has extensive experience in the investment, construction and property development in the major cities of the PRC. Mr. Sun has been the Chairman and Managing Director of the Company since April 2009.

Mr. Chan Sung Wai ("Mr. Chan"), aged 63, has been an executive Director of the Company since April 2009. Mr. Chan has extensive experience in trading, real property and shipping industries. He also has extensive experience in financial and media business. He has been working for a number of years on the major media companies in Hong Kong, and responsible for covering, editing and writing commentaries. Mr. Chan has also been a chief editor of the petroleum magazine and has comprehensive knowledge on the media industry in the PRC.

Mr. Chan was an executive director of Grand Field Group Holdings Limited (stock code: 115) during the period from November 2007 to June 2008, and Energy International Investments Holdings Limited (stock code: 353) during the period from November 2008 to April 2011.

Currently, he is an executive director of Asia Resources Holdings Limited (stock code: 899), a company listed on the main board of the Stock Exchange, since October 2008.

執行董事

辛衍忠先生（「辛先生」），七十二歲，在中國內地各大主要城市投資、建築及物業發展等方面有豐富經驗。彼自二零零九年四月起獲委任為本公司主席兼董事總經理。

陳崇煒先生（「陳先生」），六十三歲，自二零零九年四月起為本公司執行董事。陳先生具有豐富之貿易、地產及航運投資經驗。彼亦於金融及傳媒業務具有豐富經驗。彼曾在香港主流媒體公司負責採訪、編輯及評論工作多年。陳先生亦曾任石油雜誌主編，熟悉中國傳媒行業狀況。

陳先生曾於二零零七年十一月至二零零八年六月期間內出任鈞濠集團有限公司（股份代號：115）之執行董事及於二零零八年十一月至二零一一年四月期間內出任能源國際投資控股有限公司（股份代號：353）之執行董事。

現時，彼為亞洲資源控股有限公司（股份代號：899）之執行董事（自二零零八年十月起），該公司於聯交所主板上市。

DIRECTORS' PROFILES

董事簡介

Mr. Wong King Lam, Joseph ("Mr. Wong"), aged 59, has been an executive Director of the Company since October 2009. Mr. Wong is a fellow member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He has more than 30 years' extensive experience in auditing, corporate and financial management with a number of companies in different business sectors which include an international accounting firm and local listed companies.

Mr. Wong was an executive director of Grand Field Group Holdings Limited (stock code: 115) during the periods from 16 March to 31 December 2007 and from 20 November 2009 to 15 August 2011.

Currently, Mr. Wong is an executive director of Asia Resources Holdings Limited (stock code: 899) since October 2009. He is also an independent non-executive director of Tungtex (Holdings) Company Limited (stock code: 518) since August 2004.

NON-EXECUTIVE DIRECTORS

Mr. Lee Kwok Leung ("Mr. Lee"), aged 58, has been a non-executive Director of the Company since 2000. He is the managing director of Derico Financial Capital Limited and Success Talent Investments Limited. He has years of direct investment, fund management and banking experience. Mr. Lee holds an investment advisor status from the Securities and Futures Commissions from 2000.

Mr. Yang Yiu Chong, Ronald Jeffrey ("Mr. Yang"), aged 45, has been a non-executive Director of the Company since 2000. He is also an executive director of Sing Tao News Corporation Limited (stock code: 1105), a listed company in Hong Kong. He had worked in the corporate finance field with an international bank for four years and held a senior position with a publicly listed printing company. Mr. Yang holds a double bachelors' degree in accounting and finance from Boston University, the United States of America.

黃景霖先生（「黃先生」），五十九歲，自二零零九年十月起為本公司執行董事。黃先生為英國特許公認會計師公會及香港會計師公會資深會員。彼於多間不同業務範疇之公司積逾30年審計、企業及財務管理方面之豐富經驗，其中包括一間主要國際會計師行及多間本港上市公司。

黃先生自二零零七年三月十六日至十二月三十一日及自二零零九年十一月二十日至二零一一年八月十五日期間曾為鈞濠集團有限公司（股份代號：115）之執行董事。

現時，黃先生自二零零九年十月起為亞洲資源控股有限公司（股份代號：899）之執行董事。彼自二零零四年八月起亦為同得仕（集團）有限公司（股份代號：518）之獨立非執行董事。

非執行董事

李國樑先生（「李先生」），五十八歲，自二零零零年起為本公司非執行董事。彼為德高金融服務有限公司及成駿投資有限公司之董事總經理。彼在直接投資、基金管理及銀行業務方面擁有多年經驗。李先生於二零零零年取得證券及期貨事務監察委員會認可之投資顧問資格。

楊耀宗先生（「楊先生」），四十五歲，自二零零零年起為本公司非執行董事。彼亦為香港上市公司星島新聞集團有限公司（股份代號：1105）之執行董事。彼於一間國際銀行任職企業財務職位達四年，並於一間上市印刷公司擔任高級管理人員職位。楊先生持有美國波士頓大學會計及財務學雙學士學位。

DIRECTORS' PROFILES

董事簡介

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lum Pak Sum ("Mr. Lum"), aged 51, has been an independent non-executive Director of the Company since April 2009. Mr. Lum holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 20 years' experience in the financial field, the money market and capital market.

Mr. Lum was an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) for the period from July 2004 to May 2008, China Star Film Group Limited (stock code: 8172) for the period from September 2005 to December 2008, Heng Xin China Holdings Limited (stock code: 8046) for the period from June 2007 to November 2008 and Energy International Investments Limited (stock code: 353) for the period from September 2005 to June 2011.

Currently, he is an independent non-executive director of Waytung Global Group Limited (stock code: 21), Bestway International Holdings Limited (stock code: 718), Radford Capital Investment Limited (stock code: 901) and Asia Resources Holdings Limited (stock code: 899). These companies are listed on The Stock Exchange of Hong Kong Limited. He is also an independent director of Asia Green Agriculture Corporation, a company trading on the Over-The-Counter Bulletin Board in the United States since September 2011.

獨立非執行董事

林栢森先生（「林先生」），五十一歲，於二零零九年四月起為本公司獨立非執行董事。林先生持有英國華威大學工商管理碩士學位及英國 Wolverhampton 大學法律榮譽學位。彼現時為香港會計師公會及英國特許公認會計師公會資深會員。林先生於財經界、貨幣市場及資本市場擁有逾20年豐富經驗。

林先生曾於鈞濠集團有限公司（股份代號：115）（任期自二零零四年七月至二零零八年五月）、中國星電影集團有限公司（股份代號：8172）（任期自二零零五年九月至二零零八年十二月）、恆芯中國控股有限公司（股份代號：8046）（任期自二零零七年六月至二零零八年十一月）及能源國際投資控股有限公司（股份代號：353）（任期自二零零五年九月至二零一一年六月）擔任獨立非執行董事。

彼現時為滙通天下集團有限公司（股份代號：21）、百威國際控股有限公司（股份代號：718）、萊福資本投資有限公司（股份代號：901）及亞洲資源控股有限公司（股份代號：899）之獨立非執行董事。上述公司之股份均於香港聯合交易所上市。自二零一一年九月以來，彼亦為於美國場外交易議價板買賣之公司 Asia Green Agriculture Corporation 之獨立董事。

DIRECTORS' PROFILES

董事簡介

Mr. Law Chun Choi (“Mr. Law”), aged 51, has been an independent non-executive Director of the Company on 22 April 2010. Mr. Law is a practising and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Law graduated from The Hong Kong Polytechnic University with a Postgraduate Diploma in Corporate Administration and Professional Diploma in Accountancy.

Mr. Law is the Chief Financial Officer and Company Secretary of China Infrastructure Investment Limited (stock code: 600) since January 2012 for which he joined in 2005 as Financial Controller and Company Secretary. He is a rich-experienced accountant and has extensive experience in diversified business in Asia-Pacific. Mr. Law is also a director of Jade Century Investments Ltd., a private investments holding company incorporated in BVI, since April 1998.

Mr. Mak Ka Wing, Patrick (“Mr. Mak”), aged 47, has been an independent non-executive Director of the Company since April 2010. Mr. Mak is a Registered Solicitor of the High Court of Hong Kong and a Managing Partner of Patrick Mak & Tse. Mr. Mak has extensive legal experience as a practicing solicitor.

He was awarded the Hong Kong Common Professional Examination Certificate in Laws by The University of Hong Kong in 1995 and was awarded his Postgraduate Certificate in Laws (P.C.LL) by The University of Hong Kong in 1998.

His major areas of practice include civil litigation, SFC investigations and proceedings, insolvency and bankruptcy and corporate finance. He had advised on a broad range of corporate projects involving corporate finance, merger and acquisition, project finance, initial public offerings on the Main Board and the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and AIM board listing in the London Stock Exchange as well as on their corporate structures and due diligence process.

Mr. Mak is being an independent non-executive director of U-Right International Holdings Limited (Provisional Liquidators Appointed) (stock code: 627) and a director of Asia Green Agriculture Corporation (OTCBB:AGAC) which incorporated under the laws of the State of Nevada, USA.

羅進財先生（「羅先生」），五十一歲，於二零一零年四月二十二日獲委任為本公司獨立非執行董事。羅先生為香港會計師公會之執業資深會員、特許會計師公會、香港公司秘書公會及英國特許秘書及行政人員公會之資深會員。羅先生畢業於香港理工大學，持有公司管理深造文憑及會計學專業文憑。

羅先生自二零一二年一月起出任中國基建投資有限公司（股份代號：600）之首席財務官兼公司秘書，其於二零零五年加入該公司時出任財務總監兼公司秘書。彼為資深會計師，並擁有亞太區經營多種業務之豐富經驗。羅先生自一九九八年四月亦為Jade Century Investments Ltd.之董事，該公司乃一間於英屬處女群島註冊成立之私人投資控股公司。

麥家榮先生（「麥先生」），四十七歲，自二零一零年四月起出任本公司獨立非執行董事。麥先生為香港高等法院註冊律師及麥家榮律師行管理合夥人。麥先生擁有作為執業律師之豐富法律經驗。

彼於一九九五年獲香港大學頒授香港法律專業共同試證書，並於一九九八年獲香港大學授予法學專業證書(P.C.LL)。

彼之主要執業領域包括民事訴訟、證監會調查及法律行動、無力償債及破產以及企業融資。彼就廣泛範圍內之涉及企業融資、併購、項目融資、於香港聯合交易所有限公司之主板及創業板首次公開發售及在倫敦證券交易所另類投資市場上市以及彼等企業架構及盡職審查過程提供意見。

麥先生現任佑威國際控股有限公司（已委任臨時清盤人）（股份代號：627）之獨立非執行董事及根據美國內華達州法律註冊成立之Asia Green Agriculture Corporation（場外交易議價板：AGAC）之董事。

DIRECTORS' REPORT

董事會報告書

The directors have pleasure in presenting their annual report and the audited consolidated financial statements of Karce International Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 42 and 43 of the annual report.

SHARE CAPITAL

There were no movements in either the authorised or issued share capital of the Company during the year. Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 45 of the annual report.

董事會欣然提呈泰盛實業集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一一年十二月三十一日止年度之年報及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之業務載於綜合財務報表附註35。

業績

本集團截至二零一一年十二月三十一日止年度之業績載於年報第42頁及43頁之綜合全面損益表。

股本

於年內，本公司之法定或已發行股本概無變動。本公司之股本詳情乃載於綜合財務報表附註27。

儲備

本集團於年內之儲備變動詳情載於年報第45頁之綜合權益變動表。

DIRECTORS' REPORT

董事會報告書

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company had no distributable reserves at 31 December 2011 calculated under The Companies Act 1981 of Bermuda (as amended). The Company's share premium account, in the amount of HK\$102,675,000 at 31 December 2011 (2010: HK\$102,675,000), may be distributed in the form of fully paid bonus shares.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's largest supplier and two largest suppliers taken together accounted for 65% and 100% respectively of the Group's total purchases for the year. The aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for 31% and 78% respectively of the Group's total turnover for the year.

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors of the Company own more than 5% of the Company's share capital) had any interest in the five largest suppliers or customers.

本公司之可供分派儲備

根據百慕達一九八一年公司法(經修訂)計算,於二零一一年十二月三十一日,本公司概無可供分派儲備。本公司於二零一一年十二月三十一日為數102,675,000港元之股份溢價賬(二零一零年:102,675,000港元)可以繳足股本紅股股份之方式予以分派。

根據百慕達一九八一年公司法(經修訂),本公司之繳入盈餘賬可供分派。然而,在下列情況下,本公司不得宣派或派付股息或從繳入盈餘作出分派:

- (a) 本公司現時或作出派付後將無力償還到期債務;或
- (b) 本公司資產之可變現價值將因分派而少於其負債、已發行股本及股份溢價賬之總和。

主要客戶及供應商

於本年度內,本集團之最大及兩大供應商之應佔總購買額合共分別佔本集團之總購買額65%及100%。於本年度內,本集團之最大及五大客戶之應佔總銷售額合共分別佔本集團總營業額31%及78%。

本公司所有董事、彼等之聯繫人士或任何股東(據董事所知擁有本公司5%以上股本)概無擁有本公司五大供應商或客戶之任何權益。

DIRECTORS' REPORT

董事會報告書

DIRECTORS

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

Chairman and Managing Director

Mr. Sun Ying Chung

Executive Directors

Mr. Chan Sung Wai (*Deputy Chairman*)
Mr. Wong King Lam, Joseph

Non-executive Directors

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent Non-executive Directors

Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

In accordance with Bye-laws 87(1) and 87(2) of the Company's bye-laws, Messrs. Lum Pak Sum, Lee Kwok Leung and Wong King Lam, Joseph shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

None of the directors being 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 Group within one year without payment of compensation (other than statutory compensation).

董事

於年內及直至本報告日期為止，董事如下：

主席兼董事總經理

辛衍忠先生

執行董事

陳崇煒先生 (*副主席*)
黃景霖先生

非執行董事

李國樑先生
楊耀宗先生

獨立非執行董事

林栢森先生
羅進財先生
麥家榮先生

根據本公司之公司細則第87(1)及87(2)條，林栢森先生、李國樑先生及黃景霖先生須於即將舉行之本公司股東週年大會上告退，惟符合資格並願意膺選連任。

於即將舉行之股東週年大會上建議重選連任的各董事並無與本公司或其任何附屬公司訂立本集團不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

DIRECTORS' REPORT

董事會報告書

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers that all of the independent non-executive Directors are independent.

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

As at 31 December 2011, the interests or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange, or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code") set out in the Appendix 10 to the Listing Rules were as follows:

Ordinary shares of HK\$0.1 each of the Company (Long positions)

Name of Director

董事姓名

Mr. Sun Ying Chung
辛衍忠先生

獨立非執行董事

本公司已接獲各獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第3.13條就其獨立性作出的年度確認。本公司認為所有獨立非執行董事均為獨立。

董事及主要行政人員於股份、相關股份及債券之權益及淡倉

於二零一一年十二月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中擁有任何須根據證券及期貨條例第352條規定知會本公司及聯交所，或須記錄於本公司根據證券及期貨條例第352條須予存置之登記冊或根據上市規則附錄十所載之上市公司董事進行證券交易的標準守則(「標準守則」)須另行知會本公司及聯交所之任何權益或淡倉如下：

本公司每股面值0.1港元之普通股(好倉)

Name of Director	Number of ordinary shares held personal interests 持有個人權益之普通股數目	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Mr. Sun Ying Chung 辛衍忠先生	23,000,000	3.27%

DIRECTORS' REPORT

董事會報告書

Save as disclosed above, as at 31 December 2011, none of the Directors or Chief Executive of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business (as defined in the Listing Rules) to which the Company or any of its 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.

The executive Directors have confirmed to the Company that they are not interested in any business apart from the Group's business, which competes or is likely to complete, either directly or indirectly, with the Group's business.

SHARE OPTION SCHEME

Details of the share option scheme adopted by the Company on 29 May 2002 (the "Share Option Scheme") are set out in note 28 to the consolidated financial statements. No options have been granted under the share option scheme since its adoption.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the Share Option Scheme of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

除上文所披露者外，於二零一一年十二月三十一日，概無本公司董事或主要行政人員或彼等之聯繫人士於本公司或其任何相聯法團（定義見證券及期貨條例）之股份、相關股份及債券中擁有任何須根據證券及期貨條例第XV部之第7及8分部規定知會本公司及聯交所，或須記錄於本公司根據證券及期貨條例第352條須予存置之登記冊或根據標準守則須另行知會本公司及聯交所之任何權益或淡倉。

董事於重大合約之權益

本公司或其任何附屬公司概無訂立任何本公司董事直接或間接擁有重大權益而於年終時或本年度任何時間內仍然有效之有關本集團業務之重大合約（定義見上市規則）。

各執行董事向本公司確認，除本集團業務外，彼等概無於其他業務擁有權益，致使其與本集團業務直接或間接競爭或可能競爭。

認購股權計劃

本公司於二零零二年五月二十九日採納之認購股權計劃（「認購股權計劃」）之詳情載於綜合財務報表附註28。自採納認購股權計劃以來，概無根據認購股權計劃授出認購股權。

董事收購股份或債券之權利

除本公司之認購股權計劃外，於本年度任何時間內，本公司或其任何附屬公司概無參與任何安排，致使本公司董事可藉購買本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' REPORT

董事會報告書

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

主要股東之權益及淡倉

As at 31 December 2011, so far as was known to the Directors and the Chief Executive of the Company, the following persons (other than any director and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

於二零一一年十二月三十一日，就本公司董事及主要行政人員所知，以下人士（本公司任何董事及主要行政人員除外）於本公司之股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部之條文而將須向本公司披露之權益或淡倉，或根據證券及期貨條例第336條存置之登記冊所記錄之權益或淡倉，或另行知會本公司及聯交所之權益或淡倉：

Name of shareholder 股東姓名／名稱	Capacity 身份	Number of ordinary shares held 所持普通股數目	Approximate percentage of issued share capital of the Company 佔本公司已發行 股本概約百分比 (Note 1) (附註1)
China Eagle Development Limited ("China Eagle")	Beneficial owner (note 2) 實益擁有人(附註2)	4,669,500,000	664.83%
Hsu Ming Shan 許銘珊	Interest held by controlled corporation (note 2) 受控制法團持有之權益 (附註2)	4,669,500,000	664.83%
Lam Suk Fong	Interest held by controlled corporation (note 2) 受控制法團持有之權益 (附註2)	4,669,500,000	664.83%

DIRECTORS' REPORT

董事會報告書

Name of shareholder	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital of the Company 佔本公司已發行股本概約百分比 (Note 1) (附註1)
股東姓名／名稱	身份	所持普通股數目	
Fairtime International Limited ("Fairtime")	Beneficial owner (note 3) 實益擁有人(附註3)	612,500,000	87.21%
Chan Shun Yuen	Interest held by controlled corporation (note 3) 受控制法團持有之權益 (附註3)	612,500,000	87.21%
陳迅元			
Taiwan Micro Display Corporation ("TMDC") 台灣微型影像股份有限公司 (「台灣微型影像」)	Beneficial owner (note 4) 實益擁有人(附註4)	468,000,000	66.63%
Golden Mount Limited ("Golden Mount")	Beneficial owner 實益擁有人	198,944,000 (L)	28.33%
Chim Pui Chung	Interest held by controlled corporation (note 5) 受控制法團持有之權益 (附註5)	198,944,000 (L)	28.33%
詹培忠			

DIRECTORS' REPORT

董事會報告書

Notes:

- (L) All the shares are long positions.
1. The percentages are calculated based on the total number of issued shares of the Company of 702,356,000 shares as at 31 December 2011.
 2. Pursuant to the sale and purchase agreement dated 30 April 2008 and the supplemental agreement dated 24 October 2008 (collectively refer to as the "SPA"), subject to the provisions stated therein being satisfied, the Company might issue to China Eagle (beneficially owned by Hsu Ming Shan and Lam Suk Fong) up to a total of HK\$1,867,800,000 zero coupon convertible bonds (the "Convertible Bond") due 2014 at a conversion price (the "Conversion Price") of HK\$0.40 each, which entitling China Eagle to subscribe for up to 4,669,500,000 conversion shares at the Conversion Price upon exercise of the conversion rights attached to the Convertible Bonds in full.

The SPA completed on 15 January 2009 (the "Completion Date") and on the same date the Company issued the first tranche of HK\$67,800,000 Convertible Bonds to China Eagle at the Conversion Price (which entitling China Eagle to subscribe for 169,500,000 conversion shares upon exercise of the conversion rights attached to the Convertible Bonds in full). As at the date of this report, the Company has not yet issued the remaining HK\$1,800,000,000 Convertible Bonds.
 3. Pursuant to the SPA, subject to the provisions stated therein being satisfied, the Company might issue to Fairtime (beneficially owned by Chan Shun Yuen who now known as Chan Hau Kong) up to a total of HK\$245,000,000 Convertible Bonds, which entitling Fairtime to subscribe for 612,500,000 conversion shares at the Conversion Price upon exercise of the conversion rights attached to such convertible bonds in full.

附註：

- (L) 所有股份均為好倉。
1. 該等百分比乃根據於二零一一年十二月三十一日之本公司已發行股份總數702,356,000股計算。
 2. 根據日期為二零零八年四月三十日之買賣協議及日期為二零零八年十月二十四日之補充協議（統稱「買賣協議」），並在當中所載之條文獲達成規限下，本公司按每股0.40港元之換股價（「換股價」）可能向China Eagle（由許銘珊及Lam Suk Fong實益擁有）發行最多合共1,867,800,000港元於二零一四年到期之零息可換股債券（「可換股債券」），並賦予China Eagle可於可換股債券附予之換股權獲悉數行使後按換股價認購最多4,669,500,000股換股股份之權利。

買賣協議已於二零零九年一月十五日（「完成日」）完成，同日，本公司按換股價向China Eagle發行首批67,800,000港元之可換股債券（其賦予China Eagle可於可換股債券附予之換股權獲悉數行使後認購169,500,000股換股股份之權利）。於本報告日期，本公司仍未發行餘額1,800,000,000港元之可換股債券。
 3. 根據買賣協議，並在當中所載之條文獲達成規限下，本公司可能向Fairtime（由陳迅元（現名陳厚光）實益擁有）發行最多合共245,000,000港元之可換股債券，並賦予Fairtime可於該等可換股債券附予之換股權獲悉數行使後按換股價認購612,500,000股換股股份之權利。

DIRECTORS' REPORT

董事會報告書

On Completion Date, the Company issued the first tranche of HK\$45,000,000 Convertible Bonds to Fairtime (which entitling Fairtime to subscribe for 112,500,000 conversion shares upon exercise of the conversion rights attached to the Convertible Bonds in full). As at the date of this report, the Company has not yet issued the remaining HK\$200,000,000 Convertible Bonds.

4. Pursuant to the SPA, the Company issued HK\$187,200,000 Convertible Bonds to TMDC on the Completion Date (which entitling TMDC to 468,000,000 conversion shares upon exercise of the conversion rights attached to the Convertible Bonds in full).
5. The entire issued share capital of Golden Mount is wholly and beneficially owned by Mr. Chim Pui Chung. By virtue of the Securities and Futures Ordinance, Mr. Chim Pui Chung is deemed to be interested in the 198,944,000 shares of the Company.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 December 2011.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

The Company had outstanding zero coupon convertible bonds in the amount of HK\$300,000,000, issued in January 2009, convertible at HK\$0.4 per share, due in 2014, issued for the very substantial acquisition of liquid crystal on silicon ("LCoS") Television where details have been disclosed in notes 3 and 25.

Save as disclosed above, the Company had no outstanding convertible securities, warrants or other similar rights as at 31 December 2011 and there has been no exercise of any convertible securities, warrants or similar rights during the year.

RELATED PARTY TRANSACTIONS

Related party transactions entered into for the year are set out in note 32 to the consolidated financial statements.

於完成日，本公司向Fairtime發行首批45,000,000港元之可換股債券（其賦予Fairtime可於可換股債券附予之換股權獲悉數行使後認購112,500,000股換股股份之權利）。於本報告日期，本公司仍未發行餘額200,000,000港元之可換股債券。

4. 根據買賣協議，本公司於完成日向台灣微型影像發行187,200,000港元之可換股債券（其賦予台灣微型影像可於可換股債券附予之換股權獲悉數行使後認購468,000,000股換股股份之權利）。
5. Golden Mount之全部已發行股本乃由詹培忠先生全資實益擁有。鑑於證券及期貨條例，詹培忠先生被視為於198,944,000股本公司股份中擁有權益。

除上文所披露者外，於二零一一年十二月三十一日，本公司並無獲知會且不知悉任何其他人士於本公司股份及相關股份中擁有根據證券及期貨條例第336條須由本公司存置之登記冊所記錄之權益或淡倉。

可換股證券、認股權證或類似權利

本集團並未支付有關硅液晶體（「LCoS」）電視之非常重大收購事項於二零零九年一月發行本金額300,000,000港元而於二零一四年到期之零息可換股債券，該等債券可按每股0.4港元兌換。詳情已於附註3及25中披露。

除上文所披露者外，本公司於二零一一年十二月三十一日並無尚未行使之可換股證券、認股權證或類似權利，而年內亦無行使任何可換股證券、認股權證或類似權利。

關連人士交易

於年內進行之關連人士交易載於綜合財務報表附註32。

DIRECTORS' REPORT

董事會報告書

EMOLUMENT POLICY

The emolument policy of the employees of the Group is based on their merits, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, upon considering the Group's operating results, individual performance and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to directors and eligible employees.

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is a sufficient public float of the issued share capital of the Company throughout the year ended 31 December 2011.

酬金政策

本集團僱員之酬金政策由薪酬委員會根據僱員之表現、資格及能力釐定。

本集團董事之酬金由薪酬委員會於考慮本集團經營業績、個人之表現及可比較市場數據後決定。

本公司已採納認購股權計劃，作為對董事及合資格僱員之獎勵。

股份優先購買權

本公司之公司細則或百慕達法律均無關於股份優先購買權之規定，要求本公司在發售新股時須按比例配發予現有股東。

購買、出售或贖回本公司上市證券

截至二零一一年十二月三十一日止年度，本公司及其任何附屬公司並無購買、出售或贖回本公司之任何上市證券。

足夠之公眾持股量

根據公開可得資料及就董事所知，本公司確認於截至二零一一年十二月三十一日止年度已發行股本一直具有足夠之公眾持股量。

DIRECTORS' REPORT

董事會報告書

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2011 with the Code of Corporate Governance Practices as contained in Appendix 14 to the Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out on pages 10 to 17 of the annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2011.

AUDITORS

Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company pursuant to an ordinary resolution at the special general meeting of the Company held on 21 September 2010. Messrs. HLB Hodgson Impey Cheng, Certified Public Accountants, acted as auditor of the Company for the year ended 31 December 2009 and up to 5 August 2010.

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Sun Ying Chung

Chairman and Managing Director

Hong Kong

28 March 2012

公司管治

截至二零一一年十二月三十一日止年度，本公司已遵守上市規則附錄14所載之企業管治常規守則。本公司所採納之主要企業管治常規報告載於年報第10至17頁。

審核委員會

審核委員會已審閱本集團截至二零一一年十二月三十一日止年度之綜合財務報表。

核數師

根據於本公司於二零一零年九月二十一日舉行之股東特別大會上之一項普通決議案，德勤•關黃陳方會計師行獲委任為本公司核數師。執業會計師國衛會計師事務所於截至二零零九年十二月三十一日止年度，以及直至二零一零年八月五日擔任本公司核數師。

本公司將於股東週年大會上提呈一項續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

辛衍忠

主席兼董事總經理

香港

二零一二年三月二十八日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

泰盛實業集團有限公司

(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Karce International Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 130, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory 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 (the "HKICPA") 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.

致泰盛實業集團有限公司各股東

(於百慕達成立之有限公司)

本核數師(以下簡稱「吾等」)已獲委任以審核載於第42至130頁泰盛實業集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下合稱「貴集團」)之綜合財務報表。此綜合財務報表包括於二零一一年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合全面損益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他解釋資料。

董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則及香港公司條例披露規定,編製及真實而公平地列報綜合財務報表。以及董事確定所需之有關內部控制,以使編製綜合財務報表時不存在由於欺詐或錯誤而導致之重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

Limitation of Scope – Deconsolidation of a Subsidiary during the Year Ended 31 December 2009

As set out in note 3 (i) to the consolidated financial statements, the Group completed the acquisition of Pacific Choice Holdings Limited (“Pacific Choice”) and its subsidiaries (collectively referred to as the “Pacific Choice Group”) on 15 January 2009 for a total consideration of HK\$604,616,000 which mainly comprised cash, promissory notes issued by the Group and convertible bonds issued by the Company.

核數師之責任

吾等的責任是根據吾等的審核對該等綜合財務報表作出意見。吾等的報告僅按照百慕達公司法第90條，為股東（作為一個團體）而編製，並不為其他任何目的。吾等並不就本報告之內容對任何其他人士承擔任何義務或接受任何責任。除下文所述未能獲得足夠合適之審核憑證外，吾等根據香港會計師公會刊發之香港核數準則進行吾等之審閱。由於吾等保留意見之基礎一段所述之事宜，然而，吾等未能獲取充分適當審核證據以為審核意見提供基礎。

保留意見之基礎

有關於截至二零零九年十二月三十一日止年度取消綜合附屬公司的範圍限制

誠如綜合財務報表附註3(i)所載，貴集團已於二零零九年一月十五日以代價604,616,000港元（主要由現金、貴集團發行之承兌票據及貴公司發行之可換股債券組成）完成收購Pacific Choice Holdings Limited（「Pacific Choice」）及其附屬公司（統稱「Pacific Choice集團」）。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

As set out in note 3 (ii) to the consolidated financial statements, the directors of the Company have been unable to obtain and access to the books and records of 聯合光電(蘇州)有限公司 United Opto-Electronics (Suzhou) Co., Ltd. (the "PRC Subsidiary"), an indirectly owned subsidiary of Pacific Choice, after 30 November 2009 and resolved that the Group no longer had the power to govern the financial and operating policies of the PRC Subsidiary, and accordingly the control over the PRC Subsidiary was lost on that date. The PRC Subsidiary has therefore been deconsolidated from the consolidated financial statements of the Group and recognised as an available-for-sale investment from 1 December 2009 onwards. Besides, since the assets of the PRC Subsidiary and the planned operations thereof predominantly accounted for the reason for which the Group acquired the Pacific Choice Group, the loss of control over the PRC Subsidiary effectively impaired any practical value of the entire Pacific Choice Group, if any, and therefore, the directors of the Company considered that assets of the entities comprising the Pacific Choice Group other than the PRC Subsidiary (the "Pacific Choice Remaining Group") should be fully impaired on the same date the Group lost control over the PRC Subsidiary.

We were appointed as auditors of the Group pursuant to an ordinary resolution passed at the special general meeting of the Company held on 21 September 2010 and as a result of the circumstances described above, the directors of the Company have been unable to provide us with a complete set of accounting books and records of the PRC Subsidiary. We have therefore been unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether:

(i) the accumulated losses of the Group as at 1 January 2010 resulted from the losses on (i) deconsolidation of the PRC Subsidiary and (ii) incurred by the PRC Subsidiary for the period from 15 January 2009 (date of acquisition) to 30 November 2009 (date of deconsolidation) are free from material misstatement; and

誠如綜合財務報表附註3(ii)所載，貴公司董事未能於二零零九年十一月三十日後獲取及查閱Pacific Choice之一間間接擁有之附屬公司聯合光電(蘇州)有限公司(「中國附屬公司」)之賬簿及記錄，並決議貴集團不再有權規管中國附屬公司之財務及營運政策，因此，已於該日失去對中國附屬公司之控制權。中國附屬公司因此自二零零九年十二月一日起取消綜合計入貴集團之綜合財務報表，並確認為可供出售投資。此外，由於中國附屬公司之資產及其計劃之營運乃貴集團收購Pacific Choice集團之主要原因，故失去對中國附屬公司之控制權已實際上影響Pacific Choice集團之整體實用價值(如有)，因此，貴公司董事認為Pacific Choice集團旗下除中國附屬公司外各實體之資產(「Pacific Choice餘下集團」)外，貴集團將於失去對中國附屬公司之控制權同日悉數減值。

吾等乃根據貴公司於二零一零年九月二十一日舉行之股東特別大會上通過之一項普通決議案獲委任為貴集團之核數師，而由於上述情況，貴公司董事未能向吾等提供中國附屬公司完整之會計賬簿及記錄。吾等因此未能進行審核程序以取得充足可靠審核憑證令吾等信納以下事項：

(i) 貴集團於二零一零年一月一日之累積虧損來自(i)取消綜合中國附屬公司之虧損及(ii)中國附屬公司自二零零九年一月十五日(收購日期)起至二零零九年十一月三十日(取消綜合日期)止期間產生之虧損，是否有重大錯誤陳述；及

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- (ii) the Group had lost its control over the PRC Subsidiary and whether it was appropriate to deconsolidate the assets and liabilities and cease to record results of operations of the PRC Subsidiary from the consolidated financial statements of the Group and be recognised as an available-for-sale investment.

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 1 January 2010 and the results of operations for the years ended 31 December 2011 and 2010 that might have a significant effect on the state of the Group's affairs as at 31 December 2011, 31 December 2010 and 1 January 2010 and on its loss for the year ended 31 December 2011 and profit for the year ended 31 December 2010. These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2010.

Limitation of Scope – Fair Value and Carrying Amounts of Convertible Bonds as at 31 December 2011 and 31 December 2010 and Interest Charge for the years ended 31 December 2011 and 31 December 2010

As set out in note 3(i) to the consolidated financial statements, on 15 January 2009, the Company issued zero-coupon convertible bonds due in 2014 with a principal amount of HK\$300,000,000, subject to a downward adjustment, as part of the consideration for acquisition of the Pacific Choice Group. As set out in note 25 to the consolidated financial statements, the directors of the Company appointed an independent valuer to perform a valuation of the fair value of the convertible bonds issued at the date of issue on 15 January 2009. However, we were unable to obtain sufficient evidence to satisfy ourselves as to whether the valuation methodology and the assumptions adopted by the valuer in this valuation was appropriate and accordingly, we were unable to satisfy ourselves as to whether:

- (i) the fair value of the liability component of the convertible bonds on initial recognition was reliably measured in accordance with the relevant requirements of Hong Kong Accounting Standard ("HKAS") 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA ("HKAS 39") and whether their carrying values of HK\$229,583,000, HK\$201,389,000 and HK\$176,785,000 as at 31 December 2011, 31 December 2010 and 1 January 2010, respectively, as disclosed in note 25 to the consolidated financial statements were free from material misstatement;

- (ii) 貴集團是否已失去對中國附屬公司之控制權，而將中國附屬公司之資產及負債於 貴集團之綜合財務報表內取消綜合入賬並終止入賬經營業績並確認為可供出售投資是否恰當。

因此，吾等無法釐定是否就於二零一零年一月一日的累積虧損及截至二零一一年及二零一零年十二月三十一日止年度的營運業績作出任何必要調整，此舉可能對 貴集團於二零一一年十二月三十一日、二零一零年十二月三十一日以及二零一零年一月一日的事務狀況及截至二零一一年十二月三十一日止年度的虧損及截至二零一零年十二月三十一日止年度的溢利造成重大影響。此等事項導致吾等無法就截至二零一零年十二月三十一日止年度的綜合財務報表發表審核意見。

於二零一一年十二月三十一日及二零一零年十二月三十一日可換股債券之公平值及賬面值及截至二零一一年十二月三十一日及二零一零年十二月三十一日止年度之利息支出的範圍限制

誠如綜合財務報表附註3(i)所載，於二零零九年一月十五日，貴公司發行於二零一四年到期之本金額為300,000,000港元（可予下調）之零息可換股債券作為收購Pacific Choice集團之部份代價。誠如綜合財務報表附註25所載，貴公司董事已委任獨立估值師對於發行日期為二零零九年一月十五日發行之可換股債券進行估值。然而，吾等未能獲取足夠憑證以令吾等信納估值師於估值中所採用之估值方法及假設是否恰當，因此，吾等未能令吾等信納以下事項：

- (i) 可換股債券之負債部份於初步確認時之公平值是否已根據香港會計師公會頒佈之香港會計準則（「香港會計準則」）第39號（「香港會計準則第39號」）「金融工具：確認及計量」之相關規定予以可靠計量，及誠如綜合財務報表附註25所披露，彼等分別於二零一一年十二月三十一日、二零一零年十二月三十一日及二零一零年一月一日之賬面值229,583,000港元、201,389,000港元及176,785,000港元，是否存在重大錯誤陳述；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- (ii) convertible bonds reserve representing equity component of the convertible bonds, net of deferred tax liabilities arising from the issue of the convertible bonds thereof, amounting to HK\$120,398,000 as at 31 December 2011, 31 December 2010 and 1 January 2010 as recognised in the consolidated statement of changes in equity was free from material misstatement;
- (iii) any other embedded derivatives of the convertible bonds issued for the acquisition of the Pacific Choice Group would have been recognised in accordance with HKAS 39 as at 31 December 2011, 31 December 2010 and 1 January 2010;
- (iv) goodwill of HK\$77,685,000 arising from the acquisition of the Pacific Choice Group as at 15 January 2009 (date of acquisition) as disclosed in note 18 to the consolidated financial statements was reliably measured in accordance with the relevant requirements of Hong Kong Financial Reporting Standard 3 "Business Combinations" issued by the HKICPA and whether the impairment loss of HK\$77,685,000 recognised in respect of goodwill during the year ended 31 December 2009 and included in the accumulated losses as at 31 December 2011, 31 December 2010 and 1 January 2010 was free from material misstatement; and
- (v) the interest charge recognised in respect of the liability component of the convertible bonds, as set out in note 25 to the consolidated financial statements, amounting to HK\$28,194,000 and HK\$24,604,000 for the years ended 31 December 2011 and 2010, respectively, was free from material misstatement.
- (ii) 誠如綜合權益變動表所確認，於二零一一年十二月三十一日、二零一零年十二月三十一日及二零一零年一月一日，可換股債券儲備（即可換股債券之權益部份）經扣除就此因發行可換股債券而產生之遞延稅項負債後為數120,398,000港元是否不存在重大錯誤陳述；
- (iii) 於二零一一年十二月三十一日、二零一零年十二月三十一日及二零一零年一月一日，為收購Pacific Choice集團而發行之可換股債券之任何其他嵌入式衍生工具是否已根據香港會計準則第39號確認；
- (iv) 誠如綜合財務報表附註18所披露，於二零零九年一月十五日（收購日期），因收購Pacific Choice集團而產生之商譽77,685,000港元是否已根據香港會計師公會頒佈之香港財務報告準則第3號「業務合併」之相關規定予以可靠計量，及於截至二零零九年十二月三十一日止年度內就商譽確認之減值虧損77,685,000港元並計入於二零一一年十二月三十一日、二零一零年十二月三十一日及二零一零年一月一日之累計虧損是否不存在重大錯誤陳述；及
- (v) 誠如綜合財務報表附註25所載，截至二零一一年及二零一零年十二月三十一日止年度，就可換股債券之負債部份確認之利息支出分別為數28,194,000港元及24,604,000港元是否不存在重大錯誤陳述。

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 1 January 2010 and the results of operations for the years ended 31 December 2011 and 2010 that might have a significant effect on the state of the Group's affairs as at 31 December 2011, 31 December 2010 and 1 January 2010 and on its loss for the year ended 31 December 2011 and profit for the year ended 31 December 2010. These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2010.

因此，吾等無法釐定是否就於二零一零年一月一日的累積虧損及截至二零一一年及二零一零年十二月三十一日止年度的營運業績作出任何必要調整，此舉可能對貴集團於二零一一年十二月三十一日、二零一零年十二月三十一日以及二零一零年一月一日的事務狀況及截至二零一一年十二月三十一日止年度的虧損及截至二零一零年十二月三十一日止年度的溢利造成重大影響。此等事項導致吾等無法就截至二零一零年十二月三十一日止年度的綜合財務報表發表審核意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Limitation of Scope – Carrying Amount of Promissory Notes as at 31 December 2011 and Interest Charge and Income Tax Credit for the year ended 31 December 2011

As set out in note 3(i) to the consolidated financial statements, on 15 January 2009, the Group issued zero-coupon promissory notes due in 2011 with a principal amount of HK\$375,000,000 as part of the consideration for the acquisition of the Pacific Choice Group. As further set out in note 24 to the consolidated financial statements, principal amounts of HK\$250,000,000 and HK\$37,500,000 of the promissory notes were early settled and cancelled, respectively, in 2009, and the maturity of the remaining promissory notes with a principal amount of HK\$87,500,000 was extended to January 2012. As detailed in note 2(i) to the consolidated financial statements, the maturity of the promissory notes was extended to January 2012. However, these liabilities have not been settled, and instead, the directors of the Company have engaged legal counsel to negotiate with the vendors of the Pacific Choice Group to cancel, among other matters, the promissory notes, and therefore is not prepared to settle the liabilities arising from the promissory notes. In the opinion of the directors of the Company, no demand for claims of any amount of the promissory notes has been received from the holder of the promissory notes or its representative up to the date of this report.

We were unable either to obtain direct confirmations from the holder of the promissory notes or other supporting evidence to satisfy ourselves as to whether the promissory notes of HK\$87,036,000 included in the consolidated statement of financial position as at 31 December 2011 and the interest charge of HK\$12,072,000 and income tax credit of HK\$1,992,000 recognised in respect of the promissory notes and included in the consolidated statement of comprehensive income for the year ended 31 December 2011 are free from material misstatements. Any adjustment that might have been found to be necessary in respect of the above may have a significant effect on the state of the Group's affairs as at 31 December 2011 and on its loss for the year then ended.

於二零一一年十二月三十一日之承兌票據賬面值及截至二零一一年十二月三十一日止年度之利息支出及所得稅抵免的範圍限制

誠如綜合財務報表附註3(i)所載，於二零零九年一月十五日，貴集團發行於二零一一年到期之本金額為375,000,000港元之零息承兌票據作為收購Pacific Choice集團之部份代價。誠如綜合財務報表附註24進一步載列，承兌票據之本金額分別為250,000,000港元及37,500,000港元已分別於二零零九年提早支付及註銷，而本金額為87,500,000港元之餘下承兌票據之到期日均延長至二零一二年一月。誠如綜合財務報表附註2(i)所詳述，承兌票據之到期日延長至二零一二年一月。然而，該等負債尚未結清，而相反，貴公司董事已委聘律師就與Pacific Choice集團之賣方磋商（其中包括）承兌票據的註銷事宜，因此並無準備支付因承兌票據產生之負債。貴公司董事認為，截至本報告日期，並無從承兌票據持有人或其代表收到有關承兌票據之任何金額之索償要求。

就計入於二零一一年十二月三十一日之綜合財務狀況表之87,036,000港元之承兌票據及就承兌票據已確認並計入於截至二零一一年十二月三十一日止年度之綜合全面損益表之12,072,000港元之利息支出及1,992,000港元之所得稅抵免是否不存有重大錯誤陳述而言，吾等未能從承兌票據持有人獲取以令吾等信納之直接確認或其他支持憑證。倘發現須就上述作出任何必需調整，則有關調整可能對貴集團於二零一一年十二月三十一日之事務狀況及其截至該日止年度之虧損造成重大影響。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Limitation of Scope – Reversal of Impairment Loss Recognised in respect of Intangible Asset during the Year Ended 31 December 2010 and Impairment Loss Recognised in respect of Intangible Asset during the Year Ended 31 December 2011 and Carrying Value of Intangible Asset as at 31 December 2011 and 31 December 2010

Included in the consolidated statement of financial position as at 31 December 2010 is an intangible asset, as set out in note 17 to the consolidated financial statements, with a carrying value of HK\$50,000,000 arising from the reversal of the impairment loss recognised in respect of intangible asset during the year ended 31 December 2010. The carrying value was determined by the directors of the Company based on the amount of the non-refundable deposit received in January 2011 for the proposed disposal of Sourcestar Profits Limited (“Sourcestar”) and its subsidiaries, the Pacific Choice Group. As detailed in note 3(iv) to the consolidated financial statements, the total consideration of the proposed disposal was more than HK\$50,000,000. In the absence of a valuation prepared in accordance with HKAS 36 “Impairment of Assets” issued by the HKICPA (“HKAS 36”), we therefore were unable to satisfy ourselves as to whether the reversal of impairment loss of HK\$50,000,000 included in the consolidated statement of comprehensive income for the year ended 31 December 2010 was free from material misstatement and whether any additional reversal was necessary and the carrying value of the intangible asset had been reliably measured in accordance with HKAS 38 “Intangible Assets” issued by the HKICPA (“HKAS 38”) as at 31 December 2010. These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2010.

於截至二零一零年十二月三十一日止年度內就無形資產確認之減值虧損撥回及截至二零一一年十二月三十一日止年度內就無形資產確認之減值虧損以及於二零一一年十二月三十一日及二零一零年十二月三十一日之無形資產之賬面值的範圍限制

誠如綜合財務報表附註17所載，於二零一零年十二月三十一日之綜合財務狀況表包括一項因於截至二零一零年十二月三十一日止年度內就無形資產確認之減值虧損撥回而產生之賬面值為50,000,000港元之無形資產。該賬面值乃由 貴公司董事根據於二零一一年一月就建議出售Sourcestar Profits Limited (「Sourcestar」)及其附屬公司Pacific Choice集團而收取之不可退還按金額釐定。誠如綜合財務報表附註3(iv)所詳述，建議出售總代價超過50,000,000港元。於並無根據香港會計師公會頒佈之香港會計準則第36號(「香港會計準則第36號」)「資產減值」編製之估值情況下，因此，吾等未能令吾等信納計入截至二零一零年十二月三十一日止年度之綜合全面損益表之減值虧損撥回50,000,000港元是否有重大錯誤陳述及任何額外撥回是否有必要及無形資產之賬面值於二零一零年十二月三十一日是否已根據香港會計師公會頒佈之香港會計準則第38號(「香港會計準則第38號」)「無形資產」予以可靠計量。此等事項導致吾等無法就截至二零一零年十二月三十一日止年度的綜合財務報表發表審核意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

As set out in notes 3(v) and 17 to the consolidated financial statements, the proposed disposal of Sourcestar was terminated upon the lapse of the relevant agreement during the year ended 31 December 2011 and the directors of the Company determined that the then carrying value of the intangible asset of HK\$50,000,000 was fully impaired. Due to the circumstances described in the above paragraph and in the absence of a valuation prepared in accordance with HKAS 36, we were therefore unable to satisfy ourselves as to whether:

- (i) the impairment of such amount (as disclosed in note 11 to the consolidated financial statements) included in the consolidated statement of comprehensive income for the year ended 31 December 2011 is recognised in accordance with the requirements of HKAS 38; and
- (ii) the carrying value of the intangible asset has been reliably measured in accordance with HKAS 38 as at 31 December 2011.

Any adjustment that might have been found to be necessary in respect of the above may have a significant effect on the state of the Group's affairs as at 31 December 2011 and 31 December 2010 and on its loss for the year ended 31 December 2011 and profit for the year ended 31 December 2010.

Going Concern

As set out in note 2 to the consolidated financial statements, the Group had net current liabilities of approximately HK\$69,162,000 and net liabilities of approximately HK\$306,857,000 as at 31 December 2011. The Company is pursuing certain measures to improve the Group's liquidity and financial position. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful implementation of these measures. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation of assets that may be necessary if the Group is unable to continue as a going concern.

誠如綜合財務報表附註3(v)及17所載，建議出售 Sourcestar於相關協議於截至二零一一年十二月三十一日止年度內失效時終止，貴公司董事釐定無形資產之當時賬面值50,000,000港元為全數減值。由於上段所述之情況及在未根據香港會計準則第36號編製估值之情況下，因此吾等無法信納：

- (i) 根據香港會計準則第38條之規定確定列入截至二零一一年十二月三十一日止年度之綜合全面損益表內之有關款項（誠如綜合財務報表附註11所披露）之減值；及
- (ii) 無形資產之賬面值已於二零一一年十二月三十一日根據香港會計準則第38號予以可靠地計量。

倘發現須就上述作出任何必需調整，則有關調整可能對貴集團於二零一一年十二月三十一日及二零一零年十二月三十一日之事務狀況及截至二零一一年十二月三十一日止年度之虧損及截至二零一零年十二月三十一日止年度之溢利造成重大影響。

持續經營

誠如綜合財務報表附註2所載，貴集團於二零一一年十二月三十一日之流動負債淨額及負債淨額分別約為69,162,000港元及約306,857,000港元。貴公司現正尋求若干措施以提升貴集團之流動資金及財務狀況。編製綜合財務報表所依賴之持續經營假設之有效性乃取決於該等措施是否成功實施。綜合財務報表已基於假設貴集團將繼續持續經營而編製，因此並無計入倘貴集團未能繼續持續經營而可能屬必要之與變現資產有關之任何調整。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 March 2012

倘持續經營假設並不適當，則可能須作出調整以反映可能需變現資產（現時於綜合財務狀況表記賬之金額除外）之情況。此外，貴集團可能須為可能產生之進一步負債作出撥備，並將非流動資產及負債重新分類為流動資產及負債。

保留意見

由於「保留意見之基礎」各段所述之事項之重要性，故吾等未能獲得足夠適當之審核憑證以取得審核意見之基準。因此，吾等不會就綜合財務報表發表意見。於所有其他方面，吾等認為，綜合財務報表已根據香港公司條例之披露規定妥為編製。

德勤•關黃陳方會計師行
香港執業會計師

香港
二零一二年三月二十八日

Consolidated Statement of Comprehensive Income

綜合全面損益表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

			2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
		Notes 附註		
Continuing operations	持續經營業務			
Revenue	收益	7	5,025	26,524
Cost of goods sold	已售貨品成本		(6,232)	(22,370)
Gross (loss) profit	毛(損)利		(1,207)	4,154
Other revenue	其他收入		-	1
Administrative expenses	行政開支		(8,109)	(7,206)
Selling and distribution costs	銷售及分銷費用		-	(3)
Gain on extension of maturity of promissory notes	延長承兌票據到期日之收益		-	11,908
Other gain and loss	其他收益及虧損		2,515	(2,029)
Finance costs	融資成本	9	(40,266)	(36,445)
Loss before taxation	除稅前虧損		(47,067)	(29,620)
Income tax credit	所得稅抵免	10	6,644	4,049
Loss for the year from continuing operations	來自持續經營業務之本年度虧損		(40,423)	(25,571)
Discontinued operations	終止經營業務			
(Loss) profit for the year from discontinued operations	來自終止經營業務之本年度(虧損)溢利	11	(35,000)	50,000
(Loss) profit for the year, attributable to owners of the Company	本公司擁有人應佔本年度(虧損)溢利		(75,423)	24,429
Decrease in fair value of available-for-sale investments, representing other comprehensive expense for the year	可供出售投資之公平值減少·為本年度之其他全面開支		(14)	-
(Loss) profit and total comprehensive (expense) income for the year, attributable to owners of the Company	本公司擁有人應佔本年度(虧損)溢利及全面(開支)收入總額	12	(75,437)	24,429

Consolidated Statement of Comprehensive Income

綜合全面損益表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		Notes 附註	2011 二零一一年	2010 二零一零年
(Loss) earnings per share	每股(虧損)盈利	15		
From continuing and discontinued operations	來自持續經營業務及終止經營業務			
– Basic	– 基本		HK cents (10.74)港仙	HK cents 3.48港仙
– Diluted	– 攤薄		HK cents (10.74)港仙	HK cents 3.48港仙
From continuing operations	來自持續經營業務			
– Basic	– 基本		HK cents (5.76)港仙	HK cents (3.64)港仙
– Diluted	– 攤薄		HK cents (5.76)港仙	HK cents (3.64)港仙

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2011 於二零一一年十二月三十一日

		Notes 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Non-current assets	非流動資產			
Equipment	設備	16	16	17
Intangible asset	無形資產	17	-	50,000
Goodwill	商譽	18	-	-
Available-for-sale investments	可供出售投資	19	5,220	-
			5,236	50,017
Current assets	流動資產			
Inventories	存貨	20	937	-
Trade receivables	貿易應收款項	21	927	5,925
Prepayments	預付款項		474	419
Bank balances and cash	銀行結存及現金	22	19,293	15,856
			21,631	22,200
Current liabilities	流動負債			
Trade payables	貿易應付款項	23	-	1,196
Accruals and other payables	應計費用及其他 應付款項		3,757	596
Promissory notes	承兌票據	24	87,036	-
			90,793	1,792
Net current (liabilities) assets	流動(負債)資產淨值		(69,162)	20,408
Total assets less current liabilities	總資產減流動負債		(63,926)	70,425
Non-current liabilities	非流動負債			
Amount due to a shareholder	應付一名股東款項	32	1,653	7,153
Promissory notes	承兌票據	24	-	74,964
Convertible bonds	可換股債券	25	229,583	201,389
Deferred tax liabilities	遞延稅項負債	26	11,695	18,339
			242,931	301,845
			(306,857)	(231,420)
Capital and reserves	資本及儲備			
Share capital	股本	27	70,236	70,236
Reserves	儲備		(377,093)	(301,656)
			(306,857)	(231,420)

The consolidated financial statements on pages 42 to 130 were approved and authorised for issue by the Board of Directors on 28 March 2012 and are signed on its behalf by:

第42頁至第130頁之綜合財務報表於二零一二年三月二十八日獲董事會通過及授權刊發，並由下列董事代表簽署：

Sun Ying Chung

辛衍忠

Chairman and Managing Director
主席兼董事總經理

Chan Sung Wai

陳崇煒

Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital	Share premium	Capital redemption reserve	Special reserve	Investment revaluation reserve	Convertible bonds reserve	Accumulated losses	Total
		股本	股份溢價	贖回儲備	特別儲備	投資重估儲備	可換股債券儲備	累計虧損	合計
		HK\$'000	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	千港元
									(Note)
									(附註)
At 1 January 2010	於二零一零年一月一日	70,236	102,675	1,564	(123)	-	120,398	(550,599)	(255,849)
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	-	-	-	-	-	-	24,429	24,429
At 31 December 2010	於二零一零年十二月三十一日	70,236	102,675	1,564	(123)	-	120,398	(526,170)	(231,420)
Loss for the year	本年度虧損	-	-	-	-	-	-	(75,423)	(75,423)
Decrease in fair value of available-for-sale investments recognised directly in equity	直接於權益確認之可供出售投資公平值減少	-	-	-	-	(14)	-	-	(14)
Loss and total comprehensive expense for the year	本年度虧損及全面開支總額	-	-	-	-	(14)	-	(75,423)	(75,437)
At 31 December 2011	於二零一一年十二月三十一日	70,236	102,675	1,564	(123)	(14)	120,398	(601,593)	(306,857)

Note: The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company's subsidiaries in exchange for the nominal value of the issued share capital of other subsidiaries pursuant to the Group's reorganisation.

附註：本集團之特別儲備乃根據集團重組以本公司附屬公司之已發行股本換取其他附屬公司之已發行股本兩者面值間之差額。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Operating activities	經營業務		
(Loss) profit before taxation:	除稅前(虧損)溢利:		
Continuing operations	持續經營業務	(47,067)	(29,620)
Discontinued operations	終止經營業務	(35,000)	50,000
		(82,067)	20,380
Adjustments for:	按下列各項調整:		
Depreciation of equipment	設備折舊	6	4
Loss on disposal of equipment	出售設備之虧損	5	-
Provision for cost of inventories	存貨成本撥備	1,900	-
Gain on forfeiture of the deposit received for disposal of subsidiaries	沒收出售附屬公司已收按金之收益	(15,000)	-
Gain on extension of maturity of promissory notes	延長承兌票據到期日之收益	-	(11,908)
Impairment loss (reversal of impairment loss) recognised in respect of intangible asset	就無形資產確認之減值虧損(減值虧損撥回)	50,000	(50,000)
(Reversal of impairment loss) impairment loss recognised in respect of trade receivables, net	就應收貿易賬款確認之(減值虧損撥回)減值虧損淨額	(2,516)	2,029
Finance costs	融資成本	40,266	36,445
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(7,406)	(3,050)
Increase in inventories	存貨增加	(937)	-
Decrease in trade receivables	貿易應收款項減少	7,514	284
Increase in prepayments	預付款項增加	(55)	(330)
(Decrease) increase in trade payables	貿易應付款項(減少)增加	(1,196)	1,069
Increase (decrease) in accruals	應計費用增加(減少)	1,261	(371)
Decrease in amount due to a related company	應付一間關連公司款項減少	-	(163)
Cash used in operations and net cash used in operating activities	耗於經營業務之現金及耗於經營活動之現金淨額	(819)	(2,561)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Investing activities	投資業務		
Refund of deposit received for disposal of intangible asset	退回出售無形資產之已收按金	(35,000)	-
Purchases of available-for-sale investments	購買可供出售投資	(5,234)	-
Purchase of equipment	購買設備	(10)	(21)
Deposits received for disposal of intangible asset	出售無形資產之已收按金	50,000	-
Repayment from a related company	來自一間關連公司之還款	-	7,171
Net cash generated from investing activities	來自投資業務之現金淨額	9,756	7,150
Cash used in a financing activity	耗於融資活動之現金		
Repayment to a shareholder	償付一名股東之款項	(5,500)	(14,277)
Net increase (decrease) in cash and cash equivalents	現金及現金等值項目增加(減少)淨額	3,437	(9,688)
Cash and cash equivalents at the beginning of the year	年初之現金及現金等值項目	15,856	25,544
Cash and cash equivalents at the end of the year, represented by bank balances and cash	年末之現金及現金等值項目指銀行結存及現金	19,293	15,856

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Claredon House, 2 Church Street, Hamilton HM11, Bermuda and Suite 3404, 34th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group had net current liabilities of approximately HK\$69,162,000 and net liabilities of approximately HK\$306,857,000 as at 31 December 2011. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis as the directors of the Company consider that, after taking into account the cash flow projections for the year ending 31 December 2012 and the bank balances and cash of approximately HK\$19,293,000 as at 31 December 2011, the Group has sufficient resources to continue its operations for the foreseeable future.

1. 一般事項

本公司在開曼群島註冊成立為一家獲豁免有限公司及其股份已於香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處及主要營業地點之地址分別為Claredon House, 2 Church Street, Hamilton HM11, Bermuda及香港中環夏慤道12號美國銀行中心34樓3404室。

本公司為一間投資控股公司。其附屬公司之主要業務載於附註35。

綜合財務報表以港元(其與本公司之功能貨幣相同)呈列。

2. 綜合財務報表編製基準

於編製該等綜合財務報表時，鑑於本集團於二零一一年十二月三十一日存在流動負債淨額約69,162,000港元及負債淨額約306,857,000港元之事實，本公司董事已周詳考慮本集團之未來流動資金。此情況顯示存在可能對本集團持續經營之能力之重大疑問。由於本公司董事於計及截至二零一二年十二月三十一日止年度之現金流量預測及於二零一一年十二月三十一日之銀行結餘及現金約19,293,000港元後認為，本集團有足夠資源以於可見未來繼續其營運，故綜合財務報表已按持續經營基準編製。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

In addition, the following proposed measures would improve the Group's liquidity and financial position:

- (i) the indebtedness of the Group mainly comprised of liabilities arising from the acquisition of the Pacific Choice Group (as defined in note 3) during the year ended 31 December 2009, including promissory notes, convertible bonds and deferred tax liabilities, amounting to approximately HK\$328,314,000 in aggregate as at 31 December 2011. The Group has put continuing efforts to negotiate with the vendors in the Acquisition Agreement (as defined in note 3) to sell the Pacific Choice Group back to the vendors and, among other matters, cancellation of the promissory notes and convertible bonds, or to seek for other potential purchaser(s) to acquire the Pacific Choice Group. As set out in note 24, the maturity of the promissory notes was extended to January 2012. However, these liabilities have not been settled, and instead, the directors of the Company have engaged legal counsel for the negotiations with the vendors of the Pacific Choice Group to cancel, among other matters, the promissory notes, and is therefore not prepared to settle the liabilities arising from the promissory notes. No demand for claims of any amount of the promissory notes has been received from the holder of the promissory notes or its representative up to the date of this report. The directors of the Company have evaluated all the relevant facts available to them, and are of the opinion that should the sell-back and cancellations negotiations be successful, the relevant liabilities arose from the acquisition of the Pacific Choice Group amounting to approximately HK\$328,314,000 as at 31 December 2011 would be derecognised from the consolidated statement of financial position and the Group would be able to meet in full its financial obligations as they fall due in the foreseeable future; and

2. 綜合財務報表編製基準 (續)

此外，下列建議措施將可改善本集團之流動資金及財務狀況：

- (i) 本集團之債務主要包括截至二零零九年十二月三十一日止年度內因收購Pacific Choice集團(定義見附註3)產生之負債(包括承兌票據、可換股債券及遞延稅項負債)，於二零一一年十二月三十一日合共約328,314,000港元。本集團已作出持續努力與收購協議(定義見附註3)之賣方磋商售回Pacific Choice集團予賣方，並(其中包括)註銷承兌票據及可換股債券或尋求其他潛在買家以收購Pacific Choice集團。誠如附註24所載述，承兌票據之到期日延長至二零一二年一月。然而，該等負債尚未結清，而相反，本公司董事已就與Pacific Choice集團之賣方磋商事宜委聘律師以註銷(其中包括)承兌票據，因此並無準備支付因承兌票據產生之負債。截至本報告日期，並無從承兌票據持有人或其代表收到有關承兌票據之任何金額之索償要求。本公司董事已評估彼等可獲得之所有相關事實，並認為倘售回及註銷磋商成功進行，則因收購Pacific Choice集團產生之於二零一一年十二月三十一日約為328,314,000港元之有關負債將自綜合財務狀況表中取消確認，而本集團將能夠全數應付其於可預見將來到期之財務責任；及

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- (ii) the Group has also continued to explore opportunities for investments in companies or projects with solid business platforms and prospects as part of its strategies for the long-term development.

In the opinion of the directors of the Company, upon successful implementation of these measures, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. The directors of the Company are of the opinion that the above measures will be successfully implemented. Accordingly, the directors are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, should the Group be unable to operate as a going concern, adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities, respectively.

2. 綜合財務報表編製基準 (續)

- (ii) 本集團亦繼續物色具有穩健業務平台及前景之公司或項目之投資機遇，作為其長期發展策略之一部分。

本公司董事認為，待成功實施該等措施後，本集團將擁有充足現金資源以滿足其未來營運資金及其他融資需求。本公司董事認為，上述措施將可成功實施。因此，董事認為，按持續經營基準編製綜合財務報表屬適當。

然而，倘本集團未能按持續基準經營，本集團資產之賬面值或須作出調整，以列示其可收回金額，為或會產生之任何進一步負債作出撥備，並將非流動資產及負債分別重新分類為流動資產及負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS

On 22 May 2008, the Company announced that Sourcestar Profits Limited (“Sourcestar”), a direct wholly-owned subsidiary of the Company, entered into a conditional acquisition agreement dated 30 April 2008 with China Eagle Development Limited (“China Eagle”) and Fairtime International Limited (“Fairtime”) (collectively referred as to the “Vendors”) for the acquisition of the entire issued share capital of Pacific Choice Holdings Limited (“Pacific Choice”) and its shareholders’ loans outstanding due to the Vendors at an aggregate total consideration of no more than HK\$2,700,000,000 (subject to adjustments as detailed below) (the “Acquisition Agreement”).

At the time of acquisition, Pacific Choice was an investment holding company holding the entire shareholding interests in Starwick Development Limited (“Starwick”), Gold Pioneer Enterprises Limited and Sheenway Limited (“Sheenway”), each of which an investment holding company incorporated in the British Virgin Islands with limited liability. 聯合光電(蘇州)有限公司 United Opto-Electronics (Suzhou) Co., Ltd. (the “PRC Subsidiary”), an indirect wholly-owned subsidiary of Starwick incorporated in the People’s Republic of China (the “PRC”), was in the course of setting up the manufacturing base in the PRC for the production of liquid crystal on silicon (“LCoS”) television and had not commenced its operations at the time of the acquisition. Upon completion of the setting-up of the manufacturing base in the PRC, the planned principal activities of Pacific Choice and its subsidiaries (collectively referred to as the “Pacific Choice Group”) were the design, installation and manufacturing of high definition projection televisions and related accessories in the PRC.

As at the date of the acquisition, Sheenway held the patents as set out in note 17, representing the single predominant asset of the Pacific Choice Group.

3. 硅液晶體電視業務

於二零零八年五月二十二日，本公司宣佈，本公司之直接全資附屬公司Sourcestar Profits Limited (「Sourcestar」)與China Eagle Development Limited (「China Eagle」)及Fairtime International Limited (「Fairtime」) (統稱為「賣方」)訂立日期為二零零八年四月三十日之有條件收購協議，以收購Pacific Choice Holdings Limited (「Pacific Choice」)之全部已發行股本及其應付賣方之尚未償還股東貸款，總代價合共不超過2,700,000,000港元(可根據下文所詳述予以調整)(「收購協議」)。

於收購事項時，Pacific Choice為持有Starwick Development Limited (「Starwick」)、Gold Pioneer Enterprises Limited及Sheenway Limited (「Sheenway」)之投資控股公司，而Starwick、Gold Pioneer Enterprises Limited及Sheenway各自為於英屬處女群島註冊成立之投資控股有限公司。聯合光電(蘇州)有限公司(「中國附屬公司」，為Starwick於中華人民共和國(「中國」)註冊成立之間接全資附屬公司)當時正於中國設立生產基地，以生產硅液晶體(「LCoS」)電視，且於進行收購事項時並未開展經營業務。於完成在中國建立製造基地後，Pacific Choice及其附屬公司(統稱為「Pacific Choice集團」)之計劃主營業務為於中國從事高清投影電視及相關配件之設計、安裝及生產業務。

於收購事項日期，Sheenway持有附註17所載之專利，該等專利為Pacific Choice集團之唯一優勢資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

Details of the investment in the Pacific Choice Group are as follows:

(i) Acquisition of Pacific Choice Group in January 2009

As set out in the announcement of the Company dated 15 January 2009, the Group completed the acquisition of the Pacific Choice Group on the same date. Included in the conditions precedent was the completion of the reorganisation whereby certain patents and machineries beneficially owned by 台灣微型影像有限公司 Taiwan Micro Display Corp. ("TMDC") be registered under or owned by the Pacific Choice Group. Despite certain closing conditions of the acquisition were not fulfilled in its entirety, they were conditionally waived by the Company thereof and the acquisition was considered as completed on 15 January 2009. In the opinion of the directors, the Vendors and TMDC were considered as independent to the Group. Details of intangible asset acquired and goodwill arose in the above transaction are set out in notes 17 and 18, respectively.

Under the Acquisition Agreement, the total consideration was HK\$604,616,000 at the date of acquisition, which consisted of

- a) cash in the amount of approximately HK\$25,000,000;
- b) zero-coupon promissory notes due in 2011 issued by the Group with the principal amount of HK\$375,000,000 ("Promissory Notes");

3. 硅液晶體電視業務 (續)

於Pacific Choice集團之投資詳情如下：

(i) 於二零零九年一月收購Pacific Choice集團

誠如本公司日期為二零零九年一月十五日之公佈所載，本集團於同日完成收購Pacific Choice集團。先決條件包括完成重組，據此，由台灣微型影像有限公司（「台灣微型影像」）實益擁有之若干專利及機器將以Pacific Choice集團名義註冊或由其擁有。儘管收購事項之若干成交條件尚未全面達成，而該等條件已就此獲本公司有條件地豁免，故收購事項被視為於二零零九年一月十五日完成。董事認為，該等賣方及台灣微型影像被視為獨立於本集團。所收購之無形資產及於上述交易中產生之商譽之詳情分別載於附註17及18。

根據收購協議，於收購日期總代價為604,616,000港元，其包括：

- a) 金額約為25,000,000港元之現金；
- b) 由本集團發行於二零一一年到期之本金額為375,000,000港元之零息承兌票據（「承兌票據」）；

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS (continued)

(i) Acquisition of Pacific Choice Group in January 2009 (continued)

- c) zero-coupon convertible bonds due in 2014 issued by the Company ("Tranche 1 Bonds") with the principal amount of HK\$300,000,000, of which a downward adjustment in the amount of US\$4,000,000 (equivalent to approximately HK\$31,000,000) would be made if the transfer of ownership of certain machineries is not completed within a period of twelve months from the date of completion of acquisition. The details are set out below; and
- d) zero-coupon convertible bonds due in 2014 issued by the Company with the aggregate principal amount of HK\$2,000,000,000, which would only be issued if the profits of the Pacific Choice Group in certain specific periods during the eighteen months ended 30 June 2010 reached certain predetermined levels ("Targeted Profit Levels").

As set out in note 24, the maturity of the Promissory Notes were subsequently extended to January 2012 and were matured but not yet settled subsequent to the end of the reporting period.

In the opinion of the directors, the Targeted Profit Levels were not reached and none of the contingently issuable convertible bonds had been issued during the years ended 31 December 2010 and 2011.

3. 硅液晶體電視業務 (續)

(i) 於二零零九年一月收購Pacific Choice集團 (續)

- c) 由本公司發行於二零一四年到期之本金額為300,000,000港元之零息可換股債券(「第一批債券」)，倘轉讓若干機器之擁有權於完成收購事項日期起計十二個月期間內未完成，將對該金額下調4,000,000美元(相等於約31,000,000港元)。詳情載於下文；及
- d) 由本公司發行於二零一四年到期之本金總額為2,000,000,000港元之零息可換股債券，該等債券僅可於截至二零一零年六月三十日止十八個月之若干特定期間內Pacific Choice集團之溢利達至若干預先釐定水平(「目標溢利水平」)後方可發行。

誠如附註24所載，承兌票據之到期日隨後延長至二零一二年一月及於報告期期末後到期但尚未結算。

董事認為，目標溢利水平並未達致，故於截至二零一零年及二零一一年十二月三十一日止年度內概無發行或然可發行之可換股債券。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(i) Acquisition of Pacific Choice Group in January 2009 *(continued)*

Since certain of the closing conditions to the completion of the Acquisition Agreement had not been fulfilled but conditionally waived by the Company thereof to proceed completion, all of the Tranche 1 Bonds were deposited with an escrow agent pursuant to an escrow agreement until all conditions (as set out below), specified in a supplementary agreement to the Acquisition Agreement signed on 24 October 2008 among the Vendors, TMDC, and the Company, had been fulfilled. Such conditions, among others, included the release of the pledges created on certain machineries in favour of certain banks in Taiwan to be delivered to the Pacific Choice Group, and the establishment of the production plant in the PRC and in normal operations.

The Vendors agreed to procure the transfer of the ownership of the relevant machineries to be completed within twelve months from the date of completion of acquisition. Once the transfer of the ownership of the relevant machineries was completed, the fair values of those machineries would be recorded in equipment, and the amount of goodwill arose from the acquisition of Pacific Choice Group would also be adjusted. In the event that the transfer of the ownership of the relevant machineries did not take place within twelve months from the date of completion of acquisition, the consideration for the acquisition would be reduced by US\$4,000,000 (equivalent to approximately HK\$31,000,000) pursuant to the Acquisition Agreement. Details of these were set out in the Company's announcement dated 15 January 2009.

3. 硅液晶體電視業務 *(續)*

(i) 於二零零九年一月收購Pacific Choice集團 *(續)*

由於完成收購協議之若干成交條件未獲達成但已就此獲本公司有條件地豁免以進行完成，因此，所有第一批債券已根據託管協議由託管代理寄存，直至賣方、台灣微型影像與本公司於二零零八年十月二十四日簽訂之收購協議之補充協議所載之所有條件（如下文所載）獲達成為止。有關條件（其中包括）包括解除就將交付予Pacific Choice集團之若干機器以若干台灣銀行為受益人而創立之抵押，及成立中國生產廠房並正常運作。

賣方同意於收購事項完成日期起計十二個月內促使完成有關機器擁有權之轉讓。有關機器之擁有權一經轉讓完成，該等機器之公平值將計入設備項下，而收購Pacific Choice集團所產生之商譽金額亦將作出調整。倘有關機器之擁有權未能於收購事項完成日期起計十二個月內轉讓，則收購事項之代價將根據收購協議減少4,000,000美元（相等於約31,000,000港元）。有關詳情載於本公司日期為二零零九年一月十五日之公佈。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(i) Acquisition of Pacific Choice Group in January 2009 *(continued)*

During each of the years ended 31 December 2010 and 2011 and up to the date of this report, the transfer of ownership had not been taken place. However, the Company is exploring any other possible alternatives with the Vendors and TMDC on such transfer and the consideration for the acquisition had not been adjusted. Details of these were set out in the Company's announcements dated 5 January 2010 and 12 February 2010.

At 31 December 2010 and 2011, all certificates of the entire Tranche 1 Bonds were still held under escrow.

(ii) Deconsolidation of the PRC Subsidiary and recognition as available-for-sale investment, and impairment loss of the Pacific Choice Remaining Group in December 2009

Due mainly to the non-cooperation of the management of the PRC Subsidiary, the directors of the Company had been unable to obtain and access to the books and records of the PRC Subsidiary after 30 November 2009 and resolved that the Group no longer had the power to govern the financial and operating policies of the PRC Subsidiary, and accordingly the control over the PRC Subsidiary was lost on that date.

3. 硅液晶體電視業務 *(續)*

(i) 於二零零九年一月收購Pacific Choice集團 *(續)*

於截至二零一零年及二零一一年十二月三十一日止年度各年及截至本報告日期止，並無進行所有權轉讓。然而，本公司正就該轉讓與賣方及台灣微型影像探討任何其他可能替代方案，而收購代價仍未作出調整。有關詳情載於本公司日期為二零一零年一月五日及二零一零年二月十二日之公佈。

於二零一零年及二零一一年十二月三十一日，第一批債券之所有證書仍以託管方式持有。

(ii) 於二零零九年十二月取消綜合中國附屬公司及確認可供出售投資及Pacific Choice餘下集團之減值虧損

主要由於中國附屬公司管理層並不合作，本公司董事於二零零九年十一月三十日後無法獲取及查閱中國附屬公司之賬簿及記錄，並議決本集團不再有權力規管中國附屬公司之財務及營運政策，且因此於該日已失去對中國附屬公司之控制權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(ii) Deconsolidation of the PRC Subsidiary and recognition as available-for-sale investment, and impairment loss of the Pacific Choice Remaining Group in December 2009 *(continued)*

The PRC Subsidiary had therefore been deconsolidated from the consolidated financial statements of the Group and recognised as an available-for-sale investment from 1 December 2009 onwards. The directors of the Company determined that while it was appropriate to deconsolidate the PRC Subsidiary on the basis of loss of control, the Group did retain control over the holding companies incorporated in the British Virgin Islands, including Sheenway, which holds the patents as set out in note 17.

As the assets of the PRC Subsidiary and the planned operations thereof predominantly accounted for the reason for which the Group acquired the Pacific Choice Group, the loss of control over the PRC Subsidiary effectively impaired any practical value of the entire Pacific Choice Group, if any, and therefore, the directors of the Company considered that the assets of the entities comprising the Pacific Choice Group other than the PRC Subsidiary (the “Pacific Choice Remaining Group”) should be fully impaired on the same date the Group lost control over the PRC Subsidiary.

As all of the Group’s operations in production of LCoS television were carried out by the Pacific Choice Group, the operating segment of LCoS television was accordingly classified as discontinued operations thereafter.

3. 硅液晶體電視業務 *(續)*

(ii) 於二零零九年十二月取消綜合中國附屬公司及確認可供出售投資及Pacific Choice餘下集團之減值虧損 *(續)*

中國附屬公司因此自二零零九年十二月一日起取消綜合計入本集團之綜合財務報表，並確認為可供出售投資。本公司董事釐定，按失去控制權基準取消綜合中國附屬公司屬適當，但本集團仍保留於英屬處女群島註冊成立之控股公司（包括Sheenway，其持有附註17所載之專利）之控制權。

由於中國附屬公司之資產及其規劃業務是本集團收購Pacific Choice集團之根本原因，故失去中國附屬公司之控制權實際損害了整個Pacific Choice集團之任何實用價值（如有），因此，本公司董事認為，Pacific Choice集團旗下之實體（中國附屬公司之資產除外，「Pacific Choice餘下集團」）應於本集團失去中國附屬公司之控制權之日悉數減值。

由於本集團生產LCoS電視業務全部由Pacific Choice集團進行，因此，LCoS電視經營分部其後獲分類為已終止經營業務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(iii) Proposed sale of the Pacific Choice Group back to the Vendors

As the original production plan had not been realised and certain terms/ undertakings of the Acquisition Agreement to be performed on the part of the Vendors and TMDC had not been performed, despite the acquisition of Pacific Choice Group had completed in January 2009, and continued requests by the Group's management seeking the Pacific Choice Group's assistance and fulfillment of the agreed terms, the Group issued demand letters in April 2009, May 2009, March 2010 and January 2011 to the Vendors and the warrantors requesting them to provide satisfactory explanations and to suggest remedial actions. No reply had yet been received from the Vendors or the warrantors.

The Company held a board meeting on 20 April 2010 and resolved that the Company would first negotiate with the Vendors and the warrantors for a proposal to sell the Pacific Choice Group back to the Vendors. Subject to the terms of the proposed disposal to be agreed, Tranche 1 Bonds and promissory notes issued to the Vendors and TMDC as part of the consideration of the acquisition may be required to be cancelled. Further details are set out in the Company's announcement dated 23 April 2010. However, at no time had the Company been able to come to terms of agreement with the Vendors and the Company has been actively seeking other potential purchaser(s) to acquire the Pacific Choice Group.

3. 硅液晶體電視業務 (續)

(iii) 建議將Pacific Choice集團售回賣方

由於原生產計劃並無落實及將由賣方及台灣微型影像履行之收購協議之若干條款／承諾尚未履行，儘管收購Pacific Choice集團已於二零零九年一月完成，以及儘管本集團之管理層不斷要求尋求Pacific Choice集團之協助及履行協定條款，本集團於二零零九年四月，二零零九年五月，二零一零年三月及二零一一年一月向賣方及擔保人發出請求函，要求彼等提供令人滿意之解釋並提出補救措施。惟並未收到賣方或擔保人之任何回覆。

本公司於二零一零年四月二十日舉行董事會會議並議決本公司將首先與賣方及擔保人協商向賣方售回Pacific Choice集團之建議。受將予協定之建議出售之條款所規限，發行予賣方及台灣微型影像作為收購事項部份代價之第一批債券及承兌票據可能須予以註銷。進一步詳情載於本公司日期為二零一零年四月二十三日之公佈。然而，本公司無法與賣方達成協議條款及本公司一直積極尋求其他潛在買家以收購Pacific Choice集團。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(iv) Proposed disposal of the Disposal Group

On 25 January 2011, the Company entered into a conditional sale and purchase agreement for the disposal of the entire issued share capital of Sourcestar, whose principal asset was the entire interest in the Pacific Choice Group (collectively referred to as the "Disposal Group") to an independent third party, Good Choice Development Ltd. ("Good Choice") at an aggregate consideration of HK\$637,500,000 (the "Disposal Agreement"). On the same date, a non-refundable deposit of HK\$50,000,000 had been received by the Company. The proposed disposal was subject to the approvals by the shareholders and the Stock Exchange.

(v) Termination of the Disposal Agreement with Good Choice

On 28 June 2011, the Company received a letter from the legal advisers acting for Good Choice, stating that Good Choice would not consider extending the long stop date of the Disposal Agreement and the agreement had therefore lapsed on 30 June 2011. Good Choice demanded the return of the above non-refundable deposit of HK\$50,000,000 received by the Company on the basis of, among other matters, the alleged failure on the part of the Company to use its best endeavors to procure the fulfillment of all the conditions precedent to completion of the Disposal Agreement and to execute all acts and deed as may reasonably be required by the Stock Exchange.

3. 硅液晶體電視業務 (續)

(iv) 建議出售出售集團

於二零一一年一月二十五日，本公司就以總代價637,500,000港元向獨立第三方Good Choice Development Ltd. (「Good Choice」) 出售Sourcestar (其主要資產為Pacific Choice集團之全部股權，統稱為「出售集團」) 之全部已發行股本訂立有條件買賣協議 (「出售協議」)。同日，本公司已收取不可退還按金50,000,000港元。建議出售事項須待股東及聯交所批准後，方可作實。

(v) 終止與Good Choice訂立之出售協議

於二零一一年六月二十八日，本公司接獲Good Choice之法律顧問之函件，聲明Good Choice將不會考慮寬限出售協議之最後截止日期，因此協議已於二零一一年六月三十日失效。Good Choice要求退還本公司所收取之上述不可退還按金50,000,000港元，理由為 (其中包括) 所謂本公司未能竭盡全力促使達成所有先決條件以完成出售協議及採取聯交所可能合理要求之一切行動及簽署一切契據。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS *(continued)*

(v) Termination of the Disposal Agreement with Good Choice *(continued)*

On 24 August 2011, the Company and the Purchaser entered into a cancellation agreement, pursuant to which the parties agreed that the Disposal Agreement was cancelled to the effect that the Disposal Agreement would have no effect whatsoever and release each other from their respective obligations towards each other as contained therein. The parties also agreed that a sum of HK\$35,000,000, being part of the above non-refundable deposit, shall be returned to Good Choice on the same day as the date of the cancellation agreement, while the remaining HK\$15,000,000 of the non-refundable deposit shall be forfeited and retained by the Company and has been recognised in profit or loss for the year ended 31 December 2011. Further details of this are set out in note 11.

Under the cancellation agreement, neither of the parties was entitled to make any claim or bring any legal proceedings in relation to the Disposal Agreement in the future.

3. 硅液晶體電視業務 (續)

(v) 終止與Good Choice訂立之出售協議 (續)

於二零一一年八月二十四日，本公司與買方訂立取消協議，據此，訂約方協定，取消出售協議以致出售協議將不再有效及解除協議所載雙方各自對另一方之責任。訂約方亦協定，35,000,000港元之款項（即上述不可退還按金之一部份）將於取消協議日期同日退還Good Choice，而不可退還按金之餘額15,000,000港元將被本公司沒收及保留，並已於截至二零一一年十二月三十一日止年度之損益賬確認。其有關進一步詳情載於附註11。

根據取消協議，訂約方概無權於日後就出售協議提出任何索償或提起任何法律訴訟。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度採用新訂及修訂香港財務報告準則

於本年度，本集團已應用下列由香港會計師公會（「香港會計師公會」）頒佈的新訂及經修訂香港財務報告準則。

香港財務報告準則（修訂本）	於二零一零年頒佈的香港財務報告準則的改進
香港會計準則第24號（二零零九年經修訂）	關連人士披露
香港會計準則第32號（修訂本）	供股分類
香港（國際財務報告詮釋委員會）– 詮釋第14號（修訂本）	最低資金要求的預付款項
香港（國際財務報告詮釋委員會）– 詮釋第19號	以股本工具撇減金融負債

於本年度採納新訂及經修訂香港財務報告準則對本集團於本年度及過往年度的財務表現及狀況及／或對該等綜合財務報表所載的披露並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用下列已頒佈但尚未生效的新訂及經修訂準則、修訂及詮釋：

香港財務報告準則第7號（修訂本）	披露 – 轉讓金融資產 ¹
	披露 – 抵銷金融資產及金融負債 ²
香港財務報告準則第7號及第9號（修訂本）	香港財務報告準則第9號的強制生效及過渡披露 ³
香港財務報告準則第9號	金融工具 ³
香港財務報告準則第10號	綜合財務報表 ²
香港財務報告準則第11號	共同安排 ²
香港財務報告準則第12號	披露於其他實體的權益 ²
香港財務報告準則第13號	公平價值計量 ²
香港會計準則第1號（修訂本）	呈列其他全面收入項目 ⁵
香港會計準則第12號（修訂本）	遞延稅項 – 收回相關資產 ⁴
香港會計準則第19號（二零一一年經修訂）	僱員福利 ²
香港會計準則第27號（二零一一年經修訂）	獨立財務報表 ²
香港會計準則第28號（二零一一年經修訂）	於聯營公司及合營公司的投資 ²
香港會計準則第32號（修訂本）	抵銷金融資產及金融負債 ⁶
香港（國際財務報告詮釋委員會）– 詮釋第20號	露天採礦場生產階段的剝採成本 ²

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and revised HKFRSs issued but not yet effective (continued)

- 1 Effective for annual periods beginning on or after 1 July 2011.
- 2 Effective for annual periods beginning on or after 1 January 2013.
- 3 Effective for annual periods beginning on or after 1 January 2015.
- 4 Effective for annual periods beginning on or after 1 January 2012.
- 5 Effective for annual periods beginning on or after 1 July 2012.
- 6 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂及經修訂香港財務報告準則（續）

- 1 於二零一一年七月一日或之後開始的年度期間生效。
- 2 於二零一三年一月一日或之後開始的年度期間生效。
- 3 於二零一五年一月一日或之後開始的年度期間生效。
- 4 於二零一二年一月一日或之後開始的年度期間生效。
- 5 於二零一二年七月一日或之後開始的年度期間生效。
- 6 於二零一四年一月一日或之後開始的年度期間生效。

香港財務報告準則第9號金融工具

於二零零九年頒佈之香港財務報告準則第9號對金融資產之分類及計量引入新規定。香港財務報告準則第9號（二零一零年經修訂）包括金融負債之分類及計量及取消確認之規定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 9 Financial Instruments (continued)

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」） (續)

香港財務報告準則第9號金融工具 (續)

香港財務報告準則第9號之主要規定乃載述如下：

- 香港財務報告準則第9號規定所有屬香港會計準則第39號金融工具：確認及計量範圍內之已確認金融資產，其後均按攤銷成本或公平值計量。尤其是，按商業模式持有而目的為收取合約現金流之債務投資，以及僅為支付本金額及未償還本金額之利息之合約現金流之債務投資，一般均於其後會計期間結束時按攤銷成本計量。所有其他債務投資及股本投資均於其後報告期間結束時按公平值計量。此外，根據香港財務報告準則第9號，實體可以不可撤回地選擇於其他全面收益呈列股本投資（並非持作買賣）之其後公平值變動，而一般僅於損益內確認股息收入。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 9 Financial Instruments (continued)

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities at 31 December 2011, the directors anticipate that the adoption of HKFRS 9 in the future will have impact on amounts reported in respect of the Group's available-for-sale investments. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」） (續)

香港財務報告準則第9號金融工具 (續)

- 就金融負債之分類及計量而言，香港財務報告準則第9號最重大影響乃有關金融負債信貸風險變動應佔該負債（指定為按公平值計入損益）公平值變動之呈列。尤其是，根據香港財務報告準則第9號，就指定為按公平值計入損益之金融負債而言，因金融負債之信貸風險有變而導致其公平值變動之款額，乃於其他全面收益呈列，除非於其他全面收益呈報該負債信貸風險變動之影響，會產生或增加損益之會計錯配，則作別論。因金融負債之信貸風險而導致其公平值變動其後不會重新分類至損益。過往，根據香港會計準則第39號，指定為按公平值計入損益之金融負債之全部公平值變動款額均於損益中呈列。

根據本集團於二零一一年十二月三十一日之金融資產及金融負債，董事預期日後採納香港財務報告準則第9號將對本集團可供出售投資之所呈報之款額產生影響。就本集團之可供出售投資而言，於一項詳盡審核完成前提供有關該等影響之合理估計並非切實可行。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

4. 採用新訂及經修訂香港財務報告準則（「香港財務報告準則」） (續)

香港會計準則第1號的修訂本呈列其他全面收入項目

香港會計準則第1號的修訂本保留以單一報表或兩份獨立但連續報表呈列損益及其他全面收入的選擇權。然而，香港會計準則第1號的修訂本規定須於其他全面收入部份作出額外披露，以便將其他全面收入項目劃分為兩類：(a)其後不會重新分類至損益的項目；及(b)於達成特定條件時，其後可重新分類至損益的項目。其他全面收入項目的所得稅須按相同基準予以分配。

香港會計準則第1號的修訂本乃於二零一二年七月一日或之後開始的年度期間生效。當修訂本於未來會計期間應用時，其他全面收入項目的呈列方式將會作出相應變動。

本公司董事預期，應用其他新訂及經修訂準則及詮釋將不會對綜合財務報表造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

5. 主要會計政策

綜合財務報表乃按照香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則（「上市規則」）及香港公司條例規定的適用披露。

綜合財務報表乃以歷史成本為基礎編製。歷史成本一般根據貨品交換所指的代價之公平值計算。

主要會計政策載列如下。

綜合基準

綜合財務報表載有本公司及受本公司所控制的實體（其附屬公司）的財務報表。當本公司擁有權力監管一間實體的財務及營運政策，從而可於業務中獲取利益時，便取得控制權。

年內所收購或出售的附屬公司的業績，由實際收購日期起或直至實際出售日期止（如適用）於綜合全面損益表中列賬。

倘有需要時，會對附屬公司的財務報表作出調整，以使附屬公司的會計政策與本集團其他成員公司所用者相符一致。

所有集團內公司間交易、結餘、收入及開支已於綜合賬目時抵銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Revenue from sales of goods is recognised when the goods are delivered and title has passed.

Equipment

Equipment is stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5. 主要會計政策 (續)

收入確認

收入按所收取或應收取代價的公平值計量，相等於在正常業務過程中就所出售貨品而應收取的金額（經扣除折扣）。

銷售貨品的收入在有關貨品付運及所有權已轉讓時確認。

設備

綜合財務狀況表所列之設備以成本減其後累計折舊及累計減值虧損（如有）計值。

設備按其估計可使用年期，經扣除其剩餘價值後以直線法確認折舊以撇銷成本。估計可使用年期、剩餘價值及折舊方法均於各報告期末作檢討，任何估計變動所產生的影響按往後適用基準入賬。

設備的項目於出售或預期日後繼續使用資產時不再產生經濟利益時終止確認。因設備的項目的出售或報廢乃按出售所得款項與有關資產賬面值的差額計算而釐定，並於損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their costs).

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

5. 主要會計政策 (續)

租賃

租約條款列明將所有權的絕大部分風險及回報轉移予承租人的租約分類為融資租約。所有其他租約則被分類為經營租約。

本集團作為承租人

經營租約付款以直線法按租約年期確認為開支。

無形資產

業務合併收購之無形資產

業務合併所收購之無形資產與商譽分開確認及初步按該等資產於收購日期之公平值確認(被視為其成本)。

於初步確認後，有限定可使用年期之無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。有限定可使用年期之無形資產按其估計可使用年期以直線法予以攤銷。

無形資產於出售或預期其用途或出售不會帶來任何未來經濟利益時終止確認。終止確認無形資產時產生的收益及虧損乃以出售所得款項淨額與該資產賬面值的差額計算，並於該資產終止確認時在損益賬內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

5. 主要會計政策 (續)

存貨

存貨以成本及可變現淨值之較低者列賬。成本按先入先出法計算。可變現淨值指存貨之估計售價減去所有估計完工成本及成功出售所需之成本。

金融工具

金融資產及金融負債乃於某集團實體成為工具合同條文的訂約方時在綜合財務狀況表內確認。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債(透過損益以公平值列賬的金融資產及金融負債除外)直接應佔的交易成本乃於初步確認時,計入金融資產或金融負債的公平值內或自當中扣除(如適用)。收購透過損益以公平值列賬的金融資產或金融負債直接產生的交易成本即時於損益中確認。

金融資產

本集團的金融資產被分類為貸款及應收款項以及可供出售金融資產。分類視乎金融資產之性質及用途而定,並於首次確認時釐定。以常規方式購買或出售金融資產以交易日期基準確認及終止確認。以常規方式購買或出售是指要求在相關市場中之規則或慣例約定之時間內交付資產之金融資產買賣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each end of the reporting period subsequent to initial recognition, loans and receivables (including trade receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

5. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

實際利率法

實際利率法乃計算金融資產的攤銷成本及按有關期間攤分利息收入的方法。實際利率乃於最初確認時將估計日後現金收入（包括所有費用、已付或已收構成整體實際利率一部份的積分、交易成本及其他溢價或折讓）按金融資產的預期使用年期或（倘合適）較短期間準確折現至賬面淨值的利率。

就債務工具而言，利息收入按實際利率基準確認。

貸款及應收款項

貸款及應收款項為無活躍市場報價而附帶固定或可釐定付款之非衍生金融資產。於初次確認後各報告期末，貸款及應收款項（包括貿易應收款項及銀行結存及現金）採用實際利率法攤銷成本，減任何已識別減值虧損列賬（見下文金融資產減值虧損之會計政策）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each end of the reporting period subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

5. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產

可供出售金融資產為指定或未有劃分為按公平值計入損益的金融資產、貸款及應收款項或持有至到期投資的非衍生工具。

於報告期末，可供出售金融資產乃按公平值計量。公平值變動乃於其他全面收益中確認並於投資重估儲備中累計，直至金融資產被出售或被釐定須予減值時為止，屆時其先前於投資重估儲備中已累計之累計收益或虧損乃重新分類為損益（見下文金融資產減值虧損之會計政策）。

在活躍市場並無報價及其公平值未能可靠計量之可供出售股本投資，以及與該等無報價股本工具有關並須於結算時交付之衍生工具而言，於初步確認後之各報告期末，乃按成本減任何已識別減值虧損計量（參見下文有關金融資產減值之會計政策）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade and bills receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

5. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值

於報告期末評定金融資產是否有減值跡象。當有客觀證據顯示金融資產的估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時，即視為該金融資產發生減值。

對於貸款及應收款項而言，減值的客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組；或
- 因財務困難導致該金融資產之活躍市場消失。

就可供出售股本投資而言，該投資之公平值大幅或長期低於其成本乃被視為減值之客觀證據。

就若干類別金融資產（例如應收貿易款項）而言，不會單獨評估作出減值的資產會另外匯集一併評估減值。貿易應收款項及應收票據組合出現減值的客觀證據包括本集團過往收款記錄、組合內超出平均信貸期的延遲付款數量有所增加、國家或地區經濟狀況出現明顯變動（與應收款項未能償還的情況吻合）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

5. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

就按攤銷成本列賬之金融資產而言，已確認減值虧損金額為該資產之賬面值與估計未來現金流量以金融資產之原實際利率貼現之現值之間之差額。

就按成本列賬之金融資產而言，減值虧損之金額按該資產之賬面值與估計未來現金流量按類似金融資產現時市場回報率貼現之現值之間之差額計量。該減值虧損不會於其後之期間撥回。

所有金融資產（不包括應收貿易款項）的減值虧損會直接於金融資產的賬面值中作出扣減，而金融資產的賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當應收貿易款項被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將計入損益內。

倘可供出售金融資產被視為減值時，先前於其他全面收入確認之累計收益或虧損於產生減值之期間內重新分類至損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

5. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

對於按攤銷成本計值的金融資產而言，倘減值虧損金額於隨後期間有所減少，而有關減少在客觀上與確認減值虧損後發生的事件有關，則先前已確認的減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時之已攤銷成本。

可供出售股本投資之減值虧損將不會撥回損益中。任何減值虧損後之公平值上升直接於其他全面收入確認及於投資重估儲備中累計。

金融負債及股本

集團實體發行的金融負債及股本工具乃根據所訂立合約安排的實質與金融負債及股本工具的定义分類為金融負債或股本。

股本工具乃證明於扣減所有負債後的本集團資產中擁有剩餘權益之任何合約。本集團發行之股本工具按已收所得款項扣除直接發行成本確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible bonds issued by the Company

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

5. 主要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

實際利率法

實際利率法乃計算金融負債的攤銷成本及按有關期間攤分利息支出的方法。實際利率乃將估計日後現金付款至初步確認時的賬面淨值(包括構成實際利率不可缺少部份之已付或已收之全部費用、交易成本及其他溢價或折讓)。按金融負債的預期年限,或(倘合適)較短期間準確折現的利率,於初始確認之賬面淨值。

利息支出按實際利率基準確認。

本公司所發行之可換股債券

本公司所發行之可換股債券同時包括負債及轉換期權部分,於初步確認時根據合約安排之實質及金融負債與股本工具之定義分別歸類為其各自之項目。倘轉換期權將透過以固定金額之現金或其他金融資產換取固定數目之本公司本身之股本工具結算,則分類為股本工具。

於初步確認時,負債部分之公平值乃按類似之非可換股債務之現行市場利率釐定。發行可換股債券之所得款項總額與分配至負債部分之公平值之差額(即可讓持有人將債券轉換為權益之轉換期權)列入權益(可換股債券儲備)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds issued by the Company (continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amount due to a shareholder and promissory notes are subsequently measured at amortised cost, using the effective interest method.

5. 主要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

本公司所發行之可換股債券 (續)

於往後期間，可換股債券之負債部分採用實際利率法按攤銷成本列賬。權益部分，即可將負債部分兌換為本公司普通股之期權，將保留於可換股債券儲備內，直至附有期權獲行使為止（在此情況下，可換股債券權益儲備之結餘將轉撥至股份溢價）。倘期權於到期日尚未獲行使，可換股債券儲備之結餘將轉撥至累計虧損。兌換期權或期權到期時將不會於損益確認任何盈虧。

與發行可換股債券有關之交易成本，按所得款項總額之分配比例撥往負債及權益部分。與權益部分有關之交易成本直接於股本內扣除。有關負債部分之交易成本計入負債部分之賬面值，並於可換股債券期間採用實際利率法攤銷。

其他金融負債

其他金融負債包括貿易應付款項、其他應付款項、應付一名股東款項及承兌票據，其後乃以實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and a defined contribution provident fund under Occupational Retirement Scheme Ordinance (the "ORSO Scheme") are recognised as expenses when employees have rendered service entitling them to the contributions.

5. 主要會計政策 (續)

金融工具 (續)

終止確認

僅當從資產收取現金流量之合約權利已屆滿，或倘本集團轉讓金融資產及金融資產擁有權之絕大部份風險及回報至另一實體，則終止確認金融資產。倘本集團並無轉讓或保留擁有權之絕大部份風險及回報，並繼續控制該已轉讓資產，則本集團繼續確認資產，惟以其繼續涉及之程度為限，並確認相關負債。倘本集團保留所轉讓金融資產擁有權之絕大部份風險及回報，則本集團繼續確認該項金融資產，亦確認已收取所得款項之有抵押借款。

當金融資產悉數終止確認時，資產的賬面值與已收及應收代價款項之間的差額，以及已於其他全面收入中確認並於權益中累計之累計收益或虧損，於損益中確認。

本集團僅於其責任已被解除、註銷或屆滿時方會終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

退休福利成本

向強制性公積金計劃（「強積金計劃」）及職業退休計劃條例項下定額供款公積金（「職業退休計劃」）之供款，於僱員提供服務而符合享有供款資格時確認為開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

5. 主要會計政策 (續)

借貸成本

因收購、興建或生產需要長時間籌備方可供其擬定用途或銷售之合資格資產所產生之直接借貸成本，計入該等資產之成本中，直至該等資產已大致上可供其擬定用途或銷售為止。在特定借貸撥作合資格資產之支出前暫時用作投資所賺取之投資收入，須從合資格資本化之借貸成本中扣除。

所有其他借貸成本乃按其產生期間在損益中確認。

外幣

在編製各個別集團實體的財務報表時，以實體功能貨幣以外貨幣（外幣）進行的交易按各項功能貨幣（即實體經營所在的主要經濟環境的貨幣）於交易日通用的匯率記錄。於報告期末，以外幣列值的貨幣項目以該日適用的匯率重新換算。以外幣歷史成本計算的非貨幣項目不會重新換算。

結算及重新換算貨幣項目時產生的匯兌差額會於產生期間在損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

5. 主要會計政策 (續)

外幣 (續)

為呈報綜合財務報表，本集團海外業務的資產及負債乃按報告期末的適用匯率換算為本集團的呈列貨幣（即港元），而其收支項目按年內平均匯率換算。匯兌差額（如有）於其他全面收入中確認，並於權益（匯兌儲備）中累計。有關匯兌差額於該項海外業務出售期間重新歸類至損益內。

於出售海外業務（即出售本集團於該海外業務之全部權益，或出售涉及失去包括海外業務之附屬公司之控制權）時，就本公司擁有人應佔之業務於權益累計之所有匯兌差額重新分類至損益。此外，倘出售部份附屬公司並未導致本集團失去對該附屬公司之控制權，則按比例將累計匯兌差額重新歸類為非控股權益，而非於損益內確認。

於二零零五年一月一日或之後，於收購海外業務時產生之有關所收購可識別資產之商譽及公平值調整乃作為該海外業務之資產及負債處理，並按於報告期末之適用匯率進行換算。產生之匯兌差額乃於換算儲備內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

5. 主要會計政策 (續)

稅項

所得稅開支指現時應付的稅項及遞延稅項總和。

現時應付的稅項以年內的應納稅溢利為基礎。應納稅溢利有別於綜合全面損益表所報的溢利，由於其不包括於其他年度應納稅或可扣稅的收入或開支項目，且亦不包括不應納稅或不可扣稅的項目。本集團目前的稅務責任乃採用報告期末已制定或大致上已制定的稅率計算。

遞延稅項就綜合財務報表內資產及負債的賬面值與用以計算應納稅溢利的相關稅基的暫時差額而確認。遞延稅項負債一般就所有應納稅暫時差額確認。倘有應納稅溢利以致可動用可扣稅暫時差額，遞延稅項資產一般就所有可扣稅暫時差額確認。倘暫時差額來自商譽或來自一項不會影響應納稅溢利或會計溢利的交易的其他資產及負債的初步確認（業務合併除外），該等資產及負債不會予以確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. 主要會計政策 (續)

稅項 (續)

遞延稅項負債乃按因於附屬公司之投資而產生的應課稅暫時差額而確認，惟若本集團可令暫時差額撥回及暫時差額有可能未必於可見將來撥回之情況除外。與該等投資有關的可扣稅暫時差額所產生的遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額的益處且預計於可見將來可以撥回時確認。

於各報告期末審閱遞延稅項資產的賬面值，及倘應納稅溢利不再足夠收回全部或部分資產，即減少遞延稅項資產的賬面值。

遞延稅項資產及負債乃根據於報告期末已實施或大致上已實施的稅率（及稅法），按預期於負債清償或資產變現期間適用的稅率計算。

遞延稅項負債與資產的計算，反映按照本集團於報告期末時預期收回或清償資產及負債賬面值的方式所產生稅務結果。

當期及遞延稅項於損益內確認，惟倘當期及遞延稅項涉及於其他全面收入或直接在權益確認項目，則當期及遞延稅項亦會分別於其他全面收入或直接於權益內確認。就因對業務合併進行初始會計處理而產生之當期稅項或遞延稅項而言，稅務影響乃計入業務合併之會計處理內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

5. 主要會計政策 (續)

有形及無形資產之減值虧損

於報告期末，本集團審閱其有形及無形資產之賬面值以釐定是否有任何跡象顯示該等資產遭受減值虧損。倘有任何該等跡象存在，則估計該資產之可收回金額，以釐定減值虧損的程度（若有）。倘不能估計個別資產之可收回金額，則本集團會估計其資產所屬現金產生單位之可收回金額。於可識別合理及一貫分配基準之情況下，企業資產亦會被分配到個別之現金產生單位，否則或會被分配到可合理地及按一貫分配基準而識別之最小現金產生單位組別中。

無限定可使用年期之無形資產及尚未可供使用之無形資產將至少每年及每當有跡象顯示可能出現減值時進行減值測試。

可收回金額為公平值減銷售成本或使用價值之較高者。評估使用價值時，估計未來現金流量乃使用稅前貼現率折現至其貼現值，該貼現率反映目前市場對資金時間值之評估以及估計未來現金流量未經調整之資產之獨有風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 5, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. 主要會計政策 (續)

有形及無形資產之減值虧損 (續)

倘估計資產(或現金產生單位)之可收回金額低於其賬面值,則資產(或現金產生單位)賬面值減至其可收回金額。減值虧損即時於損益確認。

倘其後撥回減值虧損,則資產賬面值乃增至其經修訂估計可收回金額,惟增加後之賬面值不得超逾假設過往年度並無就資產(或現金產生單位)確認減值虧損原應釐訂之賬面值。減值虧損撥回即時確認為收入。

6. 重要會計判斷及估計不確定因素之主要來源

於應用附註5所述本集團之會計政策時,本公司董事須作出有關未能從其他來源輕易獲得之資產及負債賬面值之判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關之其他因素。實際業績可能不同於該等估計。

估計及相關假設乃按持續經營基準予以檢討。倘會計估計之修訂僅影響估計獲修訂之期間,則會計估計之修訂於該期間予以確認,倘若修訂影響現時及未來期間,則會計估計之修訂於修訂及未來期間內予以確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Critical judgments in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deconsolidation of the PRC Subsidiary and recognition as an available-for-sale investment

Notes 3 and 19 describe that the Group has been unable to exercise its power to govern the financial and operating activities of the PRC Subsidiary and the PRC Subsidiary had therefore been deconsolidated from the consolidated financial statements of the Company on 1 December 2009. The PRC Subsidiary is recognised by the Company as an available-for-sale investment since then.

In making their judgment, the directors of the Company considered the detailed criteria for the consolidation of an entity as set out in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" issued by the HKICPA. In light of the problems identified, the directors of the Company are of the opinion that the Group's ownership in the PRC Subsidiary does not constitute control and accordingly, deconsolidated the PRC Subsidiary from the consolidated financial statements of the Company on 1 December 2009.

6. 重要會計判斷及估計不確定因素之主要來源 (續)

應用實體會計政策時所作之重要判斷

以下乃董事於應用本集團會計政策過程中所作出並於綜合財務報表內確認之數額構成最重大影響之重要判斷，惟涉及估計者除外（見下文）。

取消綜合中國附屬公司及確認為可供出售投資

附註3及19提述，本集團已無法行使規管中國附屬公司之財務及營運活動之權力，因此，中國附屬公司於二零零九年十二月一日取消綜合計入本公司之綜合財務報表。中國附屬公司已此後由本公司確認為可供出售投資。

於作出判斷時，本公司董事考慮採納由香港會計師公會頒佈之香港會計準則第27號（經修訂）「綜合及獨立財務報表」所載有關綜合一間實體之詳盡標準。鑑於已知之問題，本公司董事認為本集團於中國附屬公司之所有權並不構成控制，故中國附屬公司已於二零零九年十二月一日取消綜合計入本公司之綜合財務報表。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Critical judgments in applying the entity's accounting policies (continued)

Going concern basis of preparation of the consolidated financial statements

As disclosed in note 2, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about the future of the Group, including proposed measures as described in note 2 and cash flow projections for the year ending 31 December 2012. Such forecasts and projections about the future inherently involve uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis not appropriate.

Key sources of estimation uncertainty

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

Estimated reversal of impairment of intangible asset in 2010 and impairment of intangible asset in 2011

The Group tests whether intangible asset which has finite useful life has suffered any impairment whenever there is any indication that the asset may have been impaired. The recoverable amount of the intangible asset has been determined based on the higher of its (i) value in use, which have been estimated using discounted cash flow method, and (ii) fair value less costs to sell.

6. 重要會計判斷及估計不確定因素之主要來源 (續)

應用實體會計政策時所作之重要判斷 (續)

編製綜合財務報表之持續經營基準

誠如附註2所披露，綜合財務報表乃按持續經營基準編製。持續經營基準之合適程度於考慮與本集團未來有關之所有相關可用資料（包括如附註2所述之建議措施及截至二零一二年十二月三十一日止年度之現金流量推測）後進行評估。該等未來預測及推測本身涉及不確定性。實際業績可能存在重大差異，故此致使不宜採納持續經營基準。

估計不確定因素之主要來源

以下為報告期末有關未來之主要假設及估計不確定因素之其他主要來源，其涉及可導致下一個財政年度之資產及負債賬面值須作出重大調整之重大風險。

二零一零年無形資產減值及二零一一年無形資產減值之估計撥回

本集團測試當有跡象顯示資產可能已出現減值時，有限定可使用年期之無形資產是否已蒙受任何減值。無形資產之可收回金額乃根據(i)使用價值（已採用貼現現金流量法進行估計），及(ii)公平值減銷售成本兩者之較高者釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Key sources of estimation uncertainty

(continued)

Estimated reversal of impairment of intangible asset in 2010 and impairment of intangible asset in 2011 (continued)

As set out in note 3, upon the loss of control over the PRC Subsidiary in 2009, the directors of the Company considered that no future cash flows were expected to be derived from the Pacific Choice Group and the value in use of the intangible asset was therefore estimated to be zero. As set out in notes 3(iv) and 17, a reversal of the impairment loss amounting to HK\$50,000,000 has been recognised in respect of intangible asset during the year ended 31 December 2010 determined by the directors based on the amount of non-refundable deposit received in January 2011 for the proposed disposal of the Disposal Group.

As further set out in notes 3(v) and 17, upon the termination of the Disposal Agreement during the year ended 31 December 2011, there is no binding sale agreement of the intangible asset nor any active market the directors may be aware of, the fair value less cost to sell for the intangible asset is zero based on the best information available that the Group could obtain at the end of the reporting period. The directors therefore consider that the then carrying amount of the intangible asset at HK\$50,000,000 immediately prior to the termination of the Disposal Agreement exceeded the recoverable amount and an impairment loss of HK\$50,000,000 was recognised in profit or loss during the year. Where the actual future cash flows are different from the amounts estimated above, a reversal of impairment loss may arise in future years.

6. 重要會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

二零一零年無形資產減值及二零一一年無形資產減值之估計撥回 (續)

誠如附註3所載，於二零零九年對中國附屬公司失去控制權後，本公司董事認為，預期概不會從Pacific Choice集團產生未來現金流，故此，無形資產之使用價值估計為零。誠如附註3(iv)及17所載，截至二零一零年十二月三十一日止年度，就無形資產之減值虧損撥回50,000,000港元已獲確認，其乃由董事根據就建議出售出售集團而於二零一一年一月一日所收取之不可退還按金金額釐定。

誠如附註3(v)及17進一步所載，於截至二零一一年十二月三十一日止年度終止出售協議後，概無具約束力之無形資產銷售協議，亦無任何董事可能知悉的活躍市場，無形資產公平值減銷售成本為零，乃按本集團於報告期末可取得之最佳資料釐定。因此，董事認為，無形資產當時之賬面值50,000,000港元於緊接終止出售協議前超過可收回金額，且減值虧損50,000,000港元已於年內在損益內確認。倘實際未來現金流與上述估計金額有差異，則減值虧損撥回可能於未來數年內產生。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

7. REVENUE

Revenue from continuing operations represents revenue arising from the sales of conductive silicon rubber keypads for the year.

8. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods sold.

The Group currently has only one operating segment, namely conductive silicon rubber keypads, which engages in the business of trading of conductive silicon rubber keypads and associated products.

During the year ended 31 December 2010, the directors have determined to discontinue the LCoS television business and accordingly the LCoS television segment, being a separate operating segment for HKFRS 8 reporting purposes, constitutes a discontinued operation of the Group.

7. 收益

持續經營業務之收益指於本年度銷售導電硅橡膠按鍵產生之收益。

8. 分部資料

就資源分配及分部表現評估而言，向為主要經營決策者（「主要經營決策者」）之本公司執行董事呈報之資料集中於已售貨品類別。

本集團現時僅設有一個經營分部，即導電硅橡膠按鍵，該分部從事導電硅橡膠按鍵貿易業務及相關產品。

截至二零一零年十二月三十一日止年度，董事已決議終止LCoS電視業務，故LCoS電視分部（就香港財務報告準則第8號報告而言，為獨立經營分部）構成本集團之終止經營業務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2011

		Continuing operations 持續經營業務	Discontinued operations 終止經營業務	Total
		Conductive silicon rubber keypads and segment total 導電硅橡膠按鍵及分部合計 HK\$'000 千港元	LCoS television and segment total LCoS電視及分部合計 HK\$'000 千港元	合計 HK\$'000 千港元
Revenue – External sales	收益 – 外部銷售	5,025	–	5,025
Segment profit	分部利潤	836	–	836
Unallocated income (expenses) items:	未分配收入(開支)項目:			
Central administration costs and directors' salaries	中央行政成本及董事薪金	(7,632)	–	(7,632)
Other loss	其他虧損	(5)	–	(5)
Impairment loss recognised in respect of intangible asset	已確認無形資產減值虧損	–	(50,000)	(50,000)
Gain on forfeiture of the deposit received for disposal of Sourcestar	沒收出售Sourcestar之已收按金之收益	–	15,000	15,000
Finance costs	融資成本	(40,266)	–	(40,266)
Loss before taxation	除稅前虧損	(47,067)	(35,000)	(82,067)

8. 分部資料 (續)

分部收益及業績

以下為本集團按經營分部劃分之收益及業績分析：

截至二零一一年十二月三十一日止年度

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2010

		Continuing operations 持續 經營業務	Discontinued operations 終止 經營業務	Total
		Conductive silicon rubber keypads and segment total 導電硅橡膠 按鍵及 分部合計 HK\$'000 千港元	LCoS television and segment total LCoS 電視及 分部合計 HK\$'000 千港元	合計 HK\$'000 千港元
Revenue – External sales	收益 – 外部銷售	26,524	–	26,524
Segment profit	分部利潤	1,273	–	1,273
Unallocated income (expenses) items:	未分配收入(開支)項目:			
Central administration costs and directors' salaries	中央行政成本及董事薪金	(6,356)	–	(6,356)
Reversal of impairment loss recognised in respect of intangible asset	就無形資產確認之減值虧損撥回	–	50,000	50,000
Gain on extension of maturity of promissory notes	延長承兌票據到期日之收益	11,908	–	11,908
Finance costs	融資成本	(36,445)	–	(36,445)
(Loss) profit before taxation	除稅前(虧損)溢利	(29,620)	50,000	20,380

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 5. Segment profit represents profit earned by each segment without absorption of unallocated income (expense) items, details of which are set out above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. 分部資料 (續)

分部收益及業績 (續)

截至二零一零年十二月三十一日止年度

	Continuing operations 持續 經營業務	Discontinued operations 終止 經營業務	Total
	Conductive silicon rubber keypads and segment total 導電硅橡膠 按鍵及 分部合計 HK\$'000 千港元	LCoS television and segment total LCoS 電視及 分部合計 HK\$'000 千港元	合計 HK\$'000 千港元
Revenue – External sales	26,524	–	26,524
Segment profit	1,273	–	1,273
Unallocated income (expenses) items:			
Central administration costs and directors' salaries	(6,356)	–	(6,356)
Reversal of impairment loss recognised in respect of intangible asset	–	50,000	50,000
Gain on extension of maturity of promissory notes	11,908	–	11,908
Finance costs	(36,445)	–	(36,445)
(Loss) profit before taxation	(29,620)	50,000	20,380

經營分部之會計政策與本集團會計政策(載述於附註5)相同。分部溢利指各分部所賺取之溢利,並無合併未分配收入(開支)項目,詳情載於上文。這為呈報至主要營運決策者之措施,以進行分配資源及評估表現。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

8. 分部資料 (續)

分部資產及負債

以下為本集團按經營分部劃分之資產及負債之分析：

		2011	2010		Total
		二零一一年	二零一零年	二零一零年	
		Continuing operations 持續經營業務	Continuing operations 持續經營業務	Discontinued operations 終止經營業務	
		Conductive silicon rubber keypads and segment total 導電硅橡膠按鍵及分部合計	Conductive silicon rubber keypads and segment total 導電硅橡膠按鍵及分部合計	LCoS television and segment total LCoS電視及分部合計	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Segment Assets	分部資產				
Conductive silicon rubber keypads segment	導電硅橡膠按鍵分部	1,864	5,925	-	5,925
LCoS television	LCoS電視	-	-	50,000	50,000
Total segment assets	總分部資產	1,864	5,925	50,000	55,925
Bank balances and cash	銀行結餘及現金	19,293	15,856	-	15,856
Other unallocated assets	其他未分配資產	5,710	436	-	436
Consolidated assets	綜合資產	26,867	22,217	50,000	72,217
Segment Liabilities	分部負債				
Conductive silicon rubber keypads segment and total segment liabilities	導電硅橡膠按鍵分部及總分部負債	1,900	1,196	-	1,196
Unallocated liabilities	未分配負債	331,824	302,441	-	302,441
Consolidated liabilities	綜合負債	333,724	303,637	-	303,637

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

No analysis for the Group's assets and liabilities attributable to discontinued operations as at 31 December 2011 has been presented since all of such operations have been deconsolidated/impaird. As at 31 December 2010, the assets attributable to LCoS television represents the assets whose impairment loss was reversed during the year then ended, as set out in note 17.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than equipment, available-for-sale investments, prepayments and bank balances and cash; and
- all liabilities are allocated to operating segments other than accruals and other payables, amount due to a shareholder, promissory notes, convertible bonds and deferred tax liabilities.

8. 分部資料 (續)

分部資產及負債 (續)

由於所有有關業務於二零一一年十二月三十一日已全數取消綜合／減值，故概無呈列終止經營業務應佔本集團之資產及負債之分析。於二零一零年十二月三十一日，LCoS電視應佔之資產指誠如附註17所載，於截至該日止年度內撥回減值虧損之資產。

就監察分部表現及在各分部間分配資源而言：

- 除設備、可供出售投資、預付款項及銀行結存及現金外，所有資產已分配至經營分部；及
- 除應計費用及其他應付款項、應付一名股東款項、承兌票據、可換股債券及遞延稅項負債外，所有負債已分配至經營分部。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2011

8. 分部資料 (續)

其他分部資料

截至二零一一年十二月三十一日止年度

		Continuing operations		Discontinued operations		Consolidated
		Conductive silicon rubber keypads and segment total	Unallocated	終止經營業務	LCoS television and segment total	
		導電硅橡膠按鍵及分部合計	未分配	電視及	LCoS	綜合
		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
Amounts included in the measure of segment profit:	計量分部溢利所包括之款項：					
Impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損	(321)	-	-	-	(321)
Reversal of impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損撥回	2,837	-	-	-	2,837
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:	定期提供予主要營運決策者但在計量分部損益或分部資產時並無計及之款項：					
Impairment loss recognised in respect of intangible asset	就無形資產確認之減值虧損	-	-	(50,000)	(50,000)	(50,000)
Gain on forfeiture of the deposit received for disposal of subsidiaries	沒收出售附屬公司之已收按金之收益	-	-	15,000	15,000	15,000
Additions to non-current assets (Note)	添置非流動資產 (附註)	-	10	-	-	10
Depreciation of equipment	設備之折舊	-	6	-	-	6
Finance costs	融資成本	-	40,266	-	-	40,266

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2010

8. 分部資料 (續)

其他分部資料 (續)

截至二零一零年十二月三十一日止年度

		Continuing operations 持續經營業務	Unallocated 未分配	Discontinued operations 終止 經營業務	Consolidated 綜合
		Conductive silicon rubber keypads and segment total 導電硅橡膠 按鍵及 分部合計 HK\$'000 千港元		LCoS television and segment total LCoS 電視及 分部合計 HK\$'000 千港元	HK\$'000 千港元
Amounts included in the measure of segment profit:	計量分部溢利所包括之款項:				
Impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損	(2,030)	-	-	(2,030)
Reversal of impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損撥回	1	-	-	1
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:	定期提供予主要營運決策者但在計量分部損益或分部資產時並無計及之款項:				
Reversal of impairment loss recognised in respect of intangible asset	就無形資產確認之減值虧損撥回	-	-	50,000	50,000
Gain on extension of maturity of promissory notes	延長承兌票據到期日之收益	-	11,908	-	11,908
Additions to non-current assets	添置非流動資產	-	21	-	21
Depreciation of equipment	設備之折舊	-	4	-	4
Finance costs	融資成本	-	36,445	-	36,445

Note: Non-current assets exclude financial instruments.

附註：非流動資產不包括金融工具。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Customer A	客戶A	1,547	7,937
Customer B ¹	客戶B ¹	927	–
Customer C	客戶C	680	不適用 ² N/A ²
Customer D	客戶D	不適用 ² N/A ²	5,180
Customer E	客戶E	不適用 ² N/A ²	3,234
Customer F	客戶F	不適用 ² N/A ²	2,858
		3,154	19,209

¹ The Group derived no revenue from Customer B during the year ended 31 December 2010.

² The corresponding revenue did not contribute over 10% of the total sales of the Group.

All of the above amounts are contributed from conductive silicon rubber keypads.

8. 分部資料 (續)

有關主要客戶之資料

於相應年度，對本集團銷售總額的收益貢獻超過10%的客戶如下：

¹ 截至二零一零年十二月三十一日止年度，本集團並無產生來源於客戶B之收益。

² 相應收益對本集團總銷售額貢獻未超過10%。

以上所有金額均由導電硅橡膠按鍵所貢獻。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical location of customers, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

8. 分部資料 (續)

地區資料

本集團之經營主要位於香港及中國。

下表按客戶所在地區分析本集團之收益(並無計及貨物來源)及按資產所在地區分析其非流動資產之資料。

		Revenue from external customers from continuing and discontinued operations Year ended 31 December 來自持續經營業務及 終止經營業務之 外部客戶收益 截至十二月三十一日止年度	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Sales of conductive silicon rubber keypads	銷售導電硅橡膠按鍵		
Hong Kong	香港	2,438	7,691
PRC	中國	2,587	18,833
		5,025	26,524
		Non-current assets 非流動資產	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Hong Kong	香港	16	50,017

Note: Non-current assets exclude financial instruments.

附註：非流動資產不包括金融工具。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

9. FINANCE COSTS

9. 融資成本

		Continuing operations and consolidated 持續經營業務及綜合	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Effective interests on:	以下各項之實際利息：		
Convertible bonds	可換股債券	28,194	24,604
Promissory notes	承兌票據	12,072	11,841
		40,266	36,445

10. INCOME TAX CREDIT

10. 所得稅抵免

		Continuing operations and consolidated 持續經營業務及綜合	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Deferred tax credit – current year (note 26)	遞延稅項抵免 – 本年度(附註26)	6,644	4,049

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has no assessable profits in Hong Kong for both years.

香港利得稅乃以兩個年度之估計應課稅溢利之16.5%計算。由於本集團於兩個年度於香港並無錄得應課稅溢利，因此並無於綜合財務報表內作出香港利得稅撥備。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. No provision for PRC income tax had been made in the consolidated financial statements as none of the PRC subsidiaries had any assessable profits for both years.

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施細則，中國附屬公司於兩個年度之稅率為25%。由於所有中國附屬公司於兩個年度內並無錄得任何應課稅溢利，故並無於綜合財務報表內就中國所得稅作出撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

10. INCOME TAX CREDIT (continued)

The income tax credit for the year can be reconciled to the (loss) profit per the consolidated statement of comprehensive income as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
(Loss) profit before taxation:	除稅前(虧損)溢利:		
Continuing operations	持續經營業務	(47,067)	(29,620)
Discontinued operations	終止經營業務	(35,000)	50,000
		(82,067)	20,380
Tax at domestic tax rate of 16.5% (2010: 16.5%)	按國內稅率16.5%(二零一零年: 16.5%)計算之稅項	(13,541)	3,363
Tax effect of expenses not deductible for tax purposes	不可扣稅支出之稅務影響	9,511	3,141
Tax effect of income not taxable for tax purposes	毋須繳稅收入之稅務影響	(2,475)	(10,227)
Effect of tax losses not recognised	未確認稅項虧損之影響	-	3
Utilisation of tax losses previously not recognised	動用之前尚未確認之稅項虧損	(139)	(329)
Tax credit for the year	年度稅項抵免	(6,644)	(4,049)

The domestic tax rate in the jurisdiction where the operations of the Group is substantively based is used.

於本年度內，所得稅抵免與綜合全面損益表內(虧損)溢利對賬如下：

實質上使用根據本集團經營活動所在司法權區之國內稅率。

11. DISCONTINUED OPERATIONS

The (loss) gain from the discontinued operations of LCoS television business comprise:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Impairment loss recognised in respect of intangible asset	就無形資產確認之減值虧損	(50,000)	-
Gain on forfeiture of the deposit received for disposal of Sourcestar	沒收出售Sourcestar之 已收按金之收益	15,000	-
Reversal of impairment loss recognised in respect of intangible asset	撥回無形資產確認之減值虧損	-	50,000
		(35,000)	50,000

Details of the above amounts are set out in note 3.

11. 終止經營業務

來自于LCoS電視業務之終止經營業務(虧損)收益包括：

以上金額詳情載於附註3。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

12. (LOSS) PROFIT FOR THE YEAR

12. 本年度(虧損)溢利

		Continuing operations and consolidated	
		持續經營業務及綜合	
		2011	2010
		二零一一年	二零一零年
		HK\$'000	HK\$'000
		千港元	千港元
(Loss) profit for the year has been arrived at after charging (crediting):	本年度(虧損)溢利經扣除(計入)下列項目後達致:		
Directors' remuneration (note 13)	董事酬金(附註13)	959	750
Other staff costs	其他員工成本		
– Salaries and other benefits	– 薪金及其他福利	833	495
– Retirement benefits scheme contribution	– 退休福利計劃供款	34	24
		867	519
Total staff costs	員工成本總額	1,826	1,269
Auditors' remuneration	核數師酬金	880	780
Depreciation of equipment	設備折舊	6	4
Cost of inventories recognised as expense	確認為開支之存貨成本	6,232	22,370
Management fee (included in administrative expense, note)	管理費用(計入行政開支,附註)	819	899
Loss on disposal of equipment (included in other gain or loss)	出售設備虧損(計入其他收益或虧損)	5	–
(Reversal of impairment loss) impairment loss recognised in respect of trade receivables (included in other gain or loss), net	就貿易應收款項確認之(減值虧損撥回)減值虧損(計入其他收益或虧損),淨額	(2,516)	2,029

Note: The above amount is paid to Man Lee Management Limited, a company beneficially held and significantly influenced by an entity which is also a shareholder that has significant influence over the Company, for the Group's share of administrative and management services fees for an office premise, included in which an amount of HK\$480,000 (2010: HK\$492,000) represents the share of the lease payments paid under an operating lease for the year.

附註: 以上款項乃支付予萬利管理有限公司(一間亦為對本公司擁有重大影響力之股東之實體實益持有並受其重大影響之公司)作為本集團所佔辦公室物業之行政及管理服務費,而該筆款項中為數480,000港元(二零一零年:492,000港元)之款項為分佔本年度經營租約項下之已付租金。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

13. DIRECTORS' REMUNERATION AND HIGHEST PAID EMPLOYEES

The emoluments paid or payable to each of the eight (2010: ten) directors were as follow:

(a) Directors' remuneration

For the year ended 31 December 2011

Name of Director	董事名稱	Notes 附註	Other emoluments 其他酬金			Total 合計 HK\$'000 千港元
			Fee 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Retirement benefits scheme contributions 退休福利計劃供款 HK\$'000 千港元	
Executive directors:		執行董事:				
Mr. Sun Ying Chung	辛衍忠先生		-	-	-	-
Mr. Chan Sung Wai	陳崇煒先生		75	-	2	77
Mr. Wong King Lam, Joseph	黃景霖先生		325	-	12	337
			400	-	14	414
Non-executive directors:		非執行董事:				
Mr. Lee Kwok Leung	李國樑先生		120	-	-	120
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生		120	-	-	120
			240	-	-	240
Independent non-executive directors:		獨立非執行董事:				
Mr. Lum Pak Sum	林栢森先生		110	-	-	110
Mr. Law Chun Choi	羅進財先生	(a)	100	-	-	100
Mr. Mak Ka Wing, Patrick	麥家榮先生	(a)	95	-	-	95
			305	-	-	305
Total emoluments	薪酬總額		945	-	14	959

13. 董事薪酬及最高薪僱員

已付或應付予八位(二零一零年:十位)董事每位的酬金如下:

(a) 董事薪酬

截至二零一一年十二月三十一日止年度

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

13. DIRECTORS' REMUNERATION AND HIGHEST PAID EMPLOYEES (continued)

(a) Directors' remuneration (continued)

For the year ended 31 December 2010

Name of Director	董事名稱	Notes 附註	Fee 袍金 HK\$'000 千港元	Other emoluments 其他酬金		Total 合計 HK\$'000 千港元
				Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Retirement benefits contributions 退休福利計劃供款 HK\$'000 千港元	
Executive directors:		執行董事:				
Mr. Sun Ying Chung	辛衍忠先生		-	-	-	-
Mr. Chan Sung Wai	陳崇煒先生		-	-	-	-
Mr. Wong King Lam, Joseph	黃景霖先生		325	-	12	337
			325	-	12	337
Non-executive directors:		非執行董事:				
Mr. Lee Kwok Leung	李國樑先生		120	-	-	120
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生		120	-	-	120
			240	-	-	240
Independent non-executive directors:		獨立非執行董事:				
Mr. Lum Pak Sum	林栢森先生		60	-	-	60
Mr. Law Chun Choi	羅進財先生	(a)	42	-	-	42
Mr. Mak Ka Wing, Patrick	麥家榮先生	(a)	42	-	-	42
Mr. Ho Lic Ki	何力驥先生	(b)	13	-	-	13
Mr. Chan Siu Wing, Raymond	陳兆榮先生	(c)	16	-	-	16
			173	-	-	173
Total emoluments	薪酬總額		738	-	12	750

13. 董事薪酬及最高薪僱員 (續)

(a) 董事薪酬 (續)

截至二零一零年十二月三十一日止年度

Name of Director	董事名稱	Notes 附註	Fee 袍金 HK\$'000 千港元	Other emoluments 其他酬金		Total 合計 HK\$'000 千港元
				Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Retirement benefits contributions 退休福利計劃供款 HK\$'000 千港元	
Executive directors:		執行董事:				
Mr. Sun Ying Chung	辛衍忠先生		-	-	-	-
Mr. Chan Sung Wai	陳崇煒先生		-	-	-	-
Mr. Wong King Lam, Joseph	黃景霖先生		325	-	12	337
			325	-	12	337
Non-executive directors:		非執行董事:				
Mr. Lee Kwok Leung	李國樑先生		120	-	-	120
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生		120	-	-	120
			240	-	-	240
Independent non-executive directors:		獨立非執行董事:				
Mr. Lum Pak Sum	林栢森先生		60	-	-	60
Mr. Law Chun Choi	羅進財先生	(a)	42	-	-	42
Mr. Mak Ka Wing, Patrick	麥家榮先生	(a)	42	-	-	42
Mr. Ho Lic Ki	何力驥先生	(b)	13	-	-	13
Mr. Chan Siu Wing, Raymond	陳兆榮先生	(c)	16	-	-	16
			173	-	-	173
Total emoluments	薪酬總額		738	-	12	750

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

13. DIRECTORS' REMUNERATION AND HIGHEST PAID EMPLOYEES (continued)

(a) Directors' remuneration (continued)

Notes:

- (a) Mr. Law Chun Choi and Mr. Mak Ka Wing, Patrick were appointed on 22 April 2010.
- (b) Mr. Ho Lic Ki was appointed on 14 January 2010 and resigned on 9 April 2010.
- (c) Mr. Chan Siu Wing, Raymond was appointed on 2 April 2009 and resigned on 7 April 2010.

No emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office and no directors have waived any emoluments in both years.

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (2010: three) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2010: two) individuals were as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	833	398
Retirement benefits	退休福利	34	19
		867	417

The emoluments of each of the three (2010: two) highest paid employee were within the band of nil to HK\$1,000,000 during each of the two years ended 31 December 2011.

13. 董事薪酬及最高薪僱員 (續)

(a) 董事薪酬 (續)

附註：

- (a) 羅進財先生及麥家榮先生於二零一零年四月二十二日獲委任。
- (b) 何力驥先生於二零一零年一月十四日獲委任並於二零一零年四月九日辭任。
- (c) 陳兆榮先生於二零零九年四月二日獲委任並已於二零一零年四月七日辭任。

於該兩個年度，本集團概無給予董事酬金作為彼等加入或於加入本集團時之獎金或離職補償，且概無董事放棄任何薪酬。

(b) 五位最高薪僱員

在本集團五位最高薪人士中，兩位（二零一零年：三位）為本公司董事，彼等之酬金披露於上文。餘下三位（二零一零年：兩位）人士之酬金如下：

截至二零一一年十二月三十一日止兩年各年內，最高薪的三位僱員（二零一零年：兩位）各自之酬金乃介乎零至1,000,000港元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

14. DIVIDENDS

No dividend has been paid or declared during each of the year ended 31 December 2010 and 2011. The directors do not recommend the payment of a final dividend for 2011 (2010: nil).

14. 股息

截至二零一零年及二零一一年十二月三十一日止各年內並無派付或宣派任何股息。董事並不建議派付二零一一年之末期股息（二零一零年：無）。

15. (LOSS) EARNINGS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

15. 每股（虧損）盈利

(a) 就持續經營業務及終止經營業務而言

本公司擁有人應佔持續經營業務及終止經營業務之每股基本及攤薄（虧損）盈利乃按下列數據計算：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
(Loss) profit	(虧損) 溢利		
(Loss) profit for the purpose of basic (loss) earnings per share	就計算每股基本（虧損）盈利之（虧損）溢利	(75,423)	24,429
Effects of dilutive potential ordinary shares:	潛在攤薄普通股之影響：		
Interest on convertible bonds (net of tax)	可換股債券利息（扣除稅項）	23,542	20,544
(Loss) profit for the purpose of diluted (loss) earnings per share	就計算每股攤薄（虧損）盈利之（虧損）溢利	(51,881)	44,973

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

15. (LOSS) EARNINGS PER SHARE

(continued)

(a) For continuing and discontinued operations (continued)

Number of shares	股份數目	2011 二零一一年 '000 千股	2010 二零一零年 '000 千股
Number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	就計算每股基本及攤薄(虧損)盈利之普通股數目	702,356	702,356

The computation of diluted (loss) earnings per share from continuing and discontinued operations does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in decrease in loss per share from continuing operations for the year ended 31 December 2011 and 2010.

(b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss	虧損	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Loss for the purpose of basic loss per share	就計算每股基本虧損之虧損	(40,423)	(25,571)
Effects of dilutive potential ordinary shares:	潛在攤薄普通股之影響:		
Interest on convertible bonds (net of tax)	可換股債券利息 (扣除稅項)	23,542	20,544
Loss for the purpose of diluted loss per share	就計算每股攤薄虧損之虧損	(16,881)	(5,027)

15. 每股(虧損)盈利(續)

(a) 就持續經營業務及終止經營業務而言(續)

2011 二零一一年 '000 千股	2010 二零一零年 '000 千股
702,356	702,356

由於本公司尚未行使可換股債券會獲行使後導致截至二零一一年及二零一零年十二月三十一日止年度來自持續經營業務之每股虧損減少，故此，於計算來自持續經營業務及終止經營業務之每股攤薄(虧損)盈利時並無假設轉換該等債券。

(b) 來自持續經營業務

本公司擁有人應佔持續經營業務之每股基本及攤薄虧損乃按下列數據計算：

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

15. (LOSS) EARNINGS PER SHARE

(continued)

(b) From continuing operations *(continued)*

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share for continuing and discontinued operations.

(c) From discontinued operations

Basic and diluted loss per share from the discontinued operations is HK4.98 cents per share (2010: basic and diluted earnings per share of HK7.12 cents per share), based on loss for the year from the discontinued operations attributable to the owners of the Company of HK\$35,000,000 (2010: profit of HK\$50,000,000) and the denominators detailed above for basic and diluted (loss) earnings per share for continuing and discontinued operations.

15. 每股(虧損)盈利 (續)

(b) 來自持續經營業務 (續)

所用分母與上文所述就計算持續經營業務及終止經營業務之每股基本及攤薄(虧損)盈利所用者相同。

(c) 來自終止經營業務

來自終止經營業務之每股基本及攤薄虧損為每股4.98港仙(二零一零年:每股基本及攤薄盈利7.12港仙),乃根據本公司擁有人應佔來自終止經營業務年度虧損35,000,000港元(二零一零年:盈利50,000,000港元)及上述就計算持續經營業務及終止經營業務之每股基本及攤薄(虧損)盈利之分母計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

16. EQUIPMENT

16. 設備

**Furniture,
fixtures and
office equipment**
傢俬、裝置及
辦公室設備
HK\$'000
千港元

COST	成本	
At 1 January 2010	於二零一零年一月一日	–
Additions	添置	21
At 31 December 2010	於二零一零年十二月三十一日	21
Additions	添置	10
Disposals	出售	(7)
At 31 December 2011	於二零一一年十二月三十一日	24
DEPRECIATION	折舊	
At 1 January 2010	於二零一零年一月一日	–
Provided for the year	本年度撥備	4
At 31 December 2010	於二零一零年十二月三十一日	4
Provided for the year	本年度撥備	6
Eliminated on disposal	出售抵銷	(2)
At 31 December 2011	於二零一一年十二月三十一日	8
CARRYING VALUES	賬面值	
At 31 December 2011	於二零一一年十二月三十一日	16
At 31 December 2010	於二零一零年十二月三十一日	17

The above items of equipment are depreciated on a straight-line basis, after taking into account of their residual values, at the rate of 25% per annum.

上述設備項目經計及其殘值後，每年按25%利率以直線法折舊。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

17. INTANGIBLE ASSET

17. 無形資產

		Patents 專利 HK\$'000 千港元
CARRYING VALUE	賬面值	
At 1 January 2010	於二零一零年一月一日	–
Reversal of impairment loss recognised in profit or loss	撥回損益中確認之減值虧損	50,000
At 31 December 2010	於二零一零年十二月三十一日	50,000
Impairment loss recognised in profit or loss	損益中確認之減值虧損	(50,000)
At 31 December 2011	於二零一一年十二月三十一日	–

As set out in note 3, the Group acquired the Pacific Choice Group during the year ended 31 December 2009, the fair value of the intangible asset was valued at HK\$668,000,000 by Messrs. B.I. Appraisals Limited (“B.I. Appraisal”), independent qualified professional valuers, at the date of acquisition (i.e. 15 January 2009) based on discounted cash flow method.

The intangible asset comprises of patents and/or patents application in the PRC, Taiwan and the United States relating to micro-display elements and manufacturing of LCoS televisions and related components.

The cost of the Group’s intangible asset was to be amortised on a straight-line basis over the estimated remaining useful life of ten years. No amortisation is made before it is fully impaired during the year ended 31 December 2009 since the LCoS television business has not yet commenced.

截至二零零九年十二月三十一日止年度，本集團收購Pacific Choice集團（如附註3所載），獨立合資格專業估值師保柏國際評估有限公司（「保柏國際評估」）於收購該日（即：二零零九年一月十五日）對無形資產之公平值根據貼現現金流量法進行估值約668,000,000港元。

無形資產包括中國、台灣及美國有關微型顯示器元件及生產LCoS電視及相關部件之專利及／或專利應用。

本集團無形資產成本將按直線法於估計十年間之剩餘可使用年期攤銷。由於LCoS電視業務於尚未展開，故並無於截至二零零九年十二月三十一日止年度在其全數減值之前作出攤銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

17. INTANGIBLE ASSET (continued)

As set out in note 3, the Company entered into the Disposal Agreement with an independent third party in January 2011 pursuant to which the Group would dispose of the entire interest in Sourcestar and the Pacific Choice Group and a non-refundable deposit amounting HK\$50,000,000 has been received in January 2011. The directors determined that since the principal asset of the Pacific Choice Group was the patents used in the manufacturing of LCoS television and related components, the non-refundable deposit serves as a clear evidence of an increase in net realisable value of the Group's intangible asset and the impairment loss recognised during the year ended 31 December 2009 was reversed by the amount of HK\$50,000,000. In the opinion of the directors, the carrying amount of the intangible asset would be recovered principally through the proposed disposal as set out in note 3.

As set out in note 3, the proposed disposal of Sourcestar was unable to complete on or before the long stop date on 30 June 2011 and the Disposal Agreement has therefore lapsed on the same date. As such, the directors consider that the carrying amount of the intangible asset was fully impaired during the year ended 31 December 2011.

17. 無形資產 (續)

誠如附註3所載，於二零一一年一月本集團與一名獨立第三方訂立出售協議，據此，本集團將出售Sourcestar及PacificChoice集團之全部權益，而於二零一一年一月已收取為數50,000,000港元之不予退還按金。董事確定，由於Pacific Choice集團之主要資產為生產LCoS電視及相關部件所使用之專利，故不予退還按金為本集團無形資產之可變現淨值增加之明確證據，而截至二零零九年十二月三十一日止年度之已確認減值虧損因而被以有關金額50,000,000港元撥回。董事認為，無形資產之賬面值將主要透過建議出售（如附註3所載）收回。

誠如附註3所載，建議出售Sourcestar未能於最後截止日期二零一一年六月三十日或之前完成，及出售協議因此已於同日失效。因此，董事認為，無形資產之賬面值於截至二零一一年十二月三十一日止本年度全數減值。

18. GOODWILL

18. 商譽

		HK\$'000 千港元
CARRYING AMOUNT	賬面值	
At 1 January 2010 and 31 December 2010 and 2011	於二零一零年一月一日以及二零一零年及 二零一一年十二月三十一日	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

18. GOODWILL (continued)

The entire balance of goodwill of the Group was arising on acquisition of the LCoS television business through acquisition of the Pacific Choice Group during the year ended 31 December 2009 as set out in note 3. For the purpose of impairment testing, goodwill and intangible asset of the Group as set out in note 17 are allocated to the cash-generating unit of LCoS television which was expected to benefit from the above-mentioned goodwill and intangible asset. The fair values of goodwill amounting to HK\$77,685,000 and intangible asset were valued by B.I. Appraisal at the date of acquisition of the relevant business and have been fully impaired during the year ended 31 December 2009.

19. AVAILABLE-FOR-SALE INVESTMENTS

Amounts comprised:

PRC Subsidiary (note i)	中國附屬公司(附註i)
Equity securities listed in Hong Kong, at fair value (note ii)	於香港上市之權益證券, 公平值(附註ii)

Notes:

- (i) As set out in note 3, the Group lost the control over the PRC Subsidiary and the PRC Subsidiary had been deconsolidated from the consolidated financial statements of the Company on 1 December 2009. The PRC Subsidiary has therefore been recognised by the Company as an available-for-sale investment since then.
- (ii) The fair value is based on the quoted prices of the respective securities in active markets for identical assets.

18. 商譽 (續)

如附註3所載, 截至二零零九年十二月三十一日止年度, 本集團商譽之全部結存乃因於透過收購Pacific Choice集團而收購LCoS電視業務產生。就減值測試而言, 本集團之商譽及無形資產(如附註17所載)會分配至預期自上述商譽及無形資產受惠之LCoS電視之現金產生單位。為數77,685,000港元之商譽公平值及無形資產乃由保柏國際評估於收購相關業務日期進行估值並已於截至二零零九年十二月三十一日止年度內全數減值。

19. 可供出售投資

金額包括:

	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
PRC Subsidiary (note i)	-	-
Equity securities listed in Hong Kong, at fair value (note ii)	5,220	-
	5,220	-

附註:

- (i) 誠如附註3所載, 本集團已失去於中國附屬公司之控制權而中國附屬公司已於二零零九年十二月一日自本公司之綜合財務報表內取消綜合入賬。因此, 中國附屬公司自此已被本公司確認為可供出售投資。
- (ii) 公平值乃根據不同證券於活躍市場有關可資識別資產之報價計算得出。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

20. INVENTORIES

20. 存貨

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Finished goods	成品	937	-

21. TRADE RECEIVABLES

21. 貿易應收款項

The Group generally allows credit periods of 30 to 90 days to its trade customers. An aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

本集團一般給予其貿易客戶平均30至90日之信貸期。於報告期末，貿易應收款項按發票日期進行之賬齡分析如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 – 60 days	0至60日	927	4,883
61 – 90 days	61至90日	-	1,042
		927	5,925

The Group closely monitors the granting of credit and periodically reviews the recoverability of each trade debt. None of the trade receivables that are neither past due nor impaired has any default payment history. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

本集團密切監測信貸提供及定期審閱各貿易債項收回比率。概無既未過期亦未減值之貿易應收款項有任何拖欠款項記錄。於接納任何新客戶前，本集團先評估潛在客戶之信用質素，並釐定客戶之信貸限額。客戶之限額會定期檢討。

Included in the Group's trade receivable balance as at 31 December 2010 are debtors with an aggregate carrying amount of HK\$1,042,000 which were past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is approximately 90 days.

於二零一零年十二月三十一日，本集團之貿易應收款項結存包括已逾期之總賬面值1,042,000港元之債項，惟本集團並無就其計提減值虧損。本集團並無就該等結存持有任何抵押品。該等應收款項於年內之平均賬齡約為90日。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

21. TRADE RECEIVABLES (continued)

Aging of trade receivables, based on the payment due date, which are past due but not impaired is as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 – 30 days	0至30日	-	1,042

Movement in the provision for impairment loss recognised in respect of trade receivables is as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	2,875	1,288
Impairment loss recognised during the year	年內已確認減值虧損	321	2,030
Amounts written off as uncollectible	不可收回而撇銷之金額	(167)	(442)
Reversal of impairment losses	減值虧損撥回	(2,837)	(1)
Balance at 31 December	於十二月三十一日之結存	192	2,875

The entire balance of the above allowance for doubtful debts as at 31 December 2011 and 2010 were individually impaired trade receivables as the management considered such balances as not recoverable. The Group did not hold any collateral over these balances. During the year, allowance for doubtful debts with an aggregate amount of HK\$2,837,000 was reversed as evidenced by the settlements of the relevant trade receivable balances.

21. 貿易應收款項 (續)

已逾期但並無減值之貿易應收款項按到期付款日之賬齡分析如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 – 30 days	0至30日	-	1,042

貿易應收款項之已確認減值虧損撥備變動如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	2,875	1,288
Impairment loss recognised during the year	年內已確認減值虧損	321	2,030
Amounts written off as uncollectible	不可收回而撇銷之金額	(167)	(442)
Reversal of impairment losses	減值虧損撥回	(2,837)	(1)
Balance at 31 December	於十二月三十一日之結存	192	2,875

由於管理層認為以上於二零一一年及二零一零年十二月三十一日之呆壞賬撥備之全部結存不可收回，則有關結存為個別已減值貿易應收款項。本集團並無就該等結存持有任何抵押品。於本年度，經結清有關貿易應收款項結存證明，總金額為2,837,000港元之呆壞賬撥備已撥回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

21. TRADE RECEIVABLES (continued)

The Group's trade receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
United States dollars ("USD")	美元 (「美元」)	-	2,444

22. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits with original maturity less than three months carry interest at 0.01% (2010: 0.01%) per annum. The Group's bank balances that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
USD	美元	2	278

23. TRADE PAYABLES

Trade payables

21. 貿易應收款項 (續)

以相關集團實體之功能貨幣以外之貨幣計值之本集團貿易應收款項載列如下：

22. 銀行結存及現金

銀行結存包括原到期日少於三個月之短期銀行存款，按年利率0.01% (二零一零年：0.01%) 計息。以相關集團實體之功能貨幣以外之貨幣計值之本集團銀行結餘載列如下：

23. 貿易應付款項

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Trade payables	貿易應付款項	-	1,196

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

23. TRADE PAYABLES (continued)

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 – 60 days	0至60日	-	1,192
61 – 90 days	61至90日	-	4
		-	1,196

The average credit period on purchase is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

23. 貿易應付款項 (續)

於報告期末，貿易應付款項按發票日期呈列之賬齡分析如下：

採購之平均信貸期為60天。本集團已制訂財務風險管理政策，以確保所有應付款項均於信貸期內結算。

24. PROMISSORY NOTES

As set out in note 3, on 15 January 2009, the Group issued promissory notes of HK\$375,000,000 at zero coupon rate as part of the consideration for acquiring the entire interest in Pacific Choice Group. The effective interest rate was 16% at the date of issue.

On 16 February 2009, the Group and the bearer of the promissory notes agreed that upon an early repayment of HK\$250,000,000, 10% of the principal amount of the promissory notes (i.e. HK\$37,500,000) would be cancelled in favour to the Group. The repayment was made on 19 February 2009.

On 26 April 2010, the Group and the bearer of the promissory notes agreed to extend the maturity date of the remaining promissory notes with a principal amount of HK\$87,500,000 from 14 January 2011 to 14 January 2012. A gain on extension of maturity of promissory notes of approximately HK\$11,908,000 is recognised in profit or loss during the year ended 31 December 2010.

24. 承兌票據

如附註3所載，於二零零九年一月十五日，本集團按零息率發行375,000,000港元之承兌票據，以收購Pacific Choice集團之全部權益。於發行日期之實際利率為16%。

於二零零九年二月十六日，本集團及承兌票據持票人已同意，倘出現提早償還250,000,000港元，則承兌票據本金額之10%（即37,500,000港元）將被註銷，歸本集團所有。償還已於二零零九年二月十九日進行。

於二零一零年四月二十六日，本集團及承兌票據持有人已同意將本金額為87,500,000港元之餘下承兌票據到期日由二零一一年一月十四日延長至二零一二年一月十四日。截至二零一零年十二月三十一日止年度，延長承兌票據到期日之收益約11,908,000港元於損益內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

24. PROMISSORY NOTES (continued)

The promissory notes matured subsequent to the end of the reporting period. Up to the date of this report, no amount of the notes has been settled.

The movements of the carrying amount of the promissory notes are as follows:

24. 承兌票據 (續)

承兌票據已於報告期末後到期。截至本報告日期，該等票據之款項概無獲結付。

承兌票據之賬面值變動如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	74,964	75,031
Extension of maturity (note)	延長到期日 (附註)	-	(11,908)
Interest charged (note 9)	扣除之利息 (附註9)	12,072	11,841
Balance at 31 December	於十二月三十一日之結存	87,036	74,964
Analysed for reporting purposes as:	就報告用途分析如下：		
Current liabilities	流動負債	87,036	-
Non-current liabilities	非流動負債	-	74,964
		87,036	74,964

Note: Gain on extension of maturity of the promissory notes during the year ended 31 December 2010 was derived from the change in carrying amount of the promissory notes at the date of extension, calculated by computing the present value of estimated future cash flows using the original effective interest rate.

附註：延長於截至二零一零年十二月三十一日止年度內之承兌票據到期日收益乃由於承兌票據於延長日期之賬面值變動所產生，有關收益乃按估算估計未來現金流之現值使用原實際利率計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

25. CONVERTIBLE BONDS

Zero-coupon Tranche 1 Bonds due 2014

As set out in note 3, on 15 January 2009, the Company issued the Tranche 1 Bonds due on 14 January 2014 with a principal amount of HK\$300,000,000 at zero coupon rate as part of the consideration for acquisition of the Pacific Choice Group. The Tranche 1 Bonds are convertible into fully paid ordinary shares at a conversion price of HK\$0.4 per share, subject to anti-dilutive adjustments. Upon full conversion a total of 750,000,000 new ordinary shares, as at 31 December 2010 and 2011, would be issued by the Company. The Company shall redeem any convertible bonds which remain outstanding on the maturity date at its principal amount.

None of the Tranche 1 Bonds was converted from the date of issue to the end of the reporting period.

The convertible bonds contain liability and equity components. The equity component is presented under the equity heading of “convertible bonds reserve”.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan. The effective interest rate of the liability component is 14% per annum.

The movements of the carrying amount of the liability component of the convertible bonds for the year are set out below:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	201,389	176,785
Interest charge (note 9)	扣除之利息(附註9)	28,194	24,604
Balance at 31 December	於十二月三十一日之結存	229,583	201,389

25. 可換股債券

於二零一四年到期之第一批零息債券

如附註3所載，於二零零九年一月十五日，本公司發行於二零一四年一月十四日到期本金額300,000,000港元之第一批零息債券作為收購Pacific Choice集團之部份代價。第一批債券按換股價每股0.4港元（可進行反攤薄調整）轉換為本公司之繳足普通股。於二零一零年及二零一一年十二月三十一日，於悉數轉換後，本公司將發行合共750,000,000股新普通股。本公司須按其本金額贖回於到期日尚未行使之任何可換股債券。

自發行日期至報告期間末，第一批債券概無獲轉換。

可換股債券包含負債及權益部份。權益部份以權益項下之「可換股債券儲備」呈列。

可換股債券負債部份於發行日期之公平值由獨立估值師依據同等非可換股貸款按現行市場利率貼現之估計未來現金流出之現值而釐定。負債部份之實際利率為每年14%。

可換股債券負債部份之賬面值於本年度內之變動載列如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

26. DEFERRED TAX LIABILITIES

The major deferred tax liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

26. 遞延稅項負債

本集團確認之主要遞延稅項負債及其於本年度及過往年度內之變動詳情如下：

		Promissory notes 承兌票據 HK\$'000 千港元	Convertible bonds 可換股債券 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2010	於二零一零年一月一日	2,058	20,330	22,388
Charge (credit) to profit or loss	扣除 (計入) 損益			
– Recognised in relation to extension of maturity of the promissory notes	– 就延長承兌票據到期日而確認	1,964	–	1,964
– Release upon amortisation of promissory notes and convertible bonds under effective interest method	– 就根據實際利率法攤銷承兌票據及可換股債券後撥回	(1,954)	(4,059)	(6,013)
		10	(4,059)	(4,049)
At 31 December 2010	於二零一零年十二月三十一日	2,068	16,271	18,339
Credit to profit or loss	計入損益			
– Release upon amortisation of promissory notes and convertible bonds under effective interest method	– 就根據實際利率法攤銷承兌票據及可換股債券後撥回	(1,992)	(4,652)	(6,644)
At 31 December 2011	於二零一一年十二月三十一日	76	11,619	11,695

As at 31 December 2011, the Group has, subject to the consent of the tax authority, unused tax losses of approximately HK\$8,455,000 (2010: HK\$9,298,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

於二零一一年十二月三十一日，本集團（待稅務機關同意）可用以抵銷日後溢利之未動用稅項虧損約為8,455,000港元（二零一零年：9,298,000港元）。由於未能預計日後溢利，故並無確認遞延稅項資產。有關虧損可無限期結轉。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

27. SHARE CAPITAL OF THE COMPANY 27. 本公司股本

		Number of shares 股份數目 '000 千股	Nominal value 賬面值 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股		
Authorised:	法定：		
At 1 January 2010, 31 December 2010 and 2011	於二零一零年一月一日、 二零一零年及二零一一年 十二月三十一日	20,000,000	2,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2010, 31 December 2010 and 2011	於二零一零年一月一日、 二零一零年及二零一一年 十二月三十一日	702,356	70,236

28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 29 May 2002 under which the Board of the Directors may grant options to eligible participants, including employees and directors of the Company and any of its subsidiaries, to subscribe for shares of the Company. The Scheme is valid and effective for a period of 10 years commencing from the adoption date after which no further options may be issued.

The number of shares, which may be issued upon exercise of all outstanding options granted under the Scheme and other schemes adopted by the Group, is not permitted to exceed 30% of the shares of the Company in issue at any point in time. The total number of shares in respect of which options may be granted under the Scheme and other schemes adopted by the Group in aggregate is not permitted to exceed 10% of the shares of the Company in issue at the adoption date. The total number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue at any 12-month period.

28. 認購股權計劃

本公司於二零零二年五月二十九日採納其認購股權計劃（「該計劃」），據此，董事會可向合資格參與者（包括本公司及其任何附屬公司之僱員及董事）授出可認購本公司股份之認購股權。該計劃乃由採納日期起計十年內有效，其後將不得再發行任何認購股權。

行使根據該計劃及本集團採納之其他計劃授出之所有尚未行使認購股權而可能發行之股份數目，不得超過任何時間本公司已發行股份之30%。根據該計劃及本集團採納之其他計劃可能授出之認購股權之有關股份總數不得超過採納日期本公司已發行股份之10%。於任何十二個月期間，可能向任何人士授出之認購股權之有關股份總數不得超過本公司已發行股份之1%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

28. SHARE OPTION SCHEME (continued)

Consideration of HK\$1 is payable by the grantee on the acceptance of option granted. Option may be exercised from the date of acceptance of the offer of such option to the earlier of the date on which such option lapses and 10 years from the offer date of that option. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing prices of the shares on the Stock Exchange on the date of the grant of the options, the average of the closing prices of the shares for the five trading days immediately preceding the date of the grant of the options and the nominal value of the shares.

No share options have been granted under the Scheme since its adoption.

29. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The retirement benefits scheme contributions charged to the consolidated statement of comprehensive income represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the amounts of the forfeited contributions will be used to reduce future contributions payable by the Group.

28. 認購股權計劃 (續)

承授人接納獲授之認購股權時須支付代價1港元。認購股權可由接納該等認購股權建議日期起至該認購股權失效日期及認購股權建議日期起滿十年當日(以較早者為準)止期間行使。行使價由本公司董事釐定，並將不低於認購股權授出日期股份於聯交所之收市價、緊接認購股權授出日期前五個交易日股份於聯交所之平均收市價或股份面值之較高者。

自認購股權計劃獲採納以來概無根據該計劃授出任何認購股權。

29. 退休福利計劃

本集團同時參與根據職業退休計劃條例登記之定額供款計劃(「職業退休計劃」)及按於二零零零年十二月生效之強制性公積金條例設立之強制性公積金計劃(「強積金計劃」)。該等計劃之資產與本集團之資產分開處理，交由信託人控制。在設立強積金計劃前已為職業退休計劃成員之僱員可選擇留在職業退休計劃或轉往強積金計劃，然而，所有於二零零零年十二月一日或之後加入本集團之新僱員必須加入強積金計劃。

於綜合全面損益表扣除之退休福利計劃供款乃本集團按計劃規則指定之供款率向計劃支付之供款。倘僱員於悉數歸屬享有供款前退出職業退休計劃，則沒收供款額將用於減少本集團將來應付之供款。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

29. RETIREMENT BENEFITS SCHEMES

(continued)

During the year, the retirement benefits scheme contributions are approximately HK\$48,000 (2010: HK\$36,000). The Group did not have any forfeited contributions available to offset future employers' contributions to the ORSO Scheme.

30. CAPITAL COMMITMENTS

As set out in the announcement of the Company dated 17 January 2011, on 22 September 2010, the Group entered into a conditional sale and purchase agreement with an independent third party pursuant to which the Group would acquire certain chromium mines in the Republic of Madagascar by the issue of convertible bonds in a maximum aggregate consideration of US\$3,520,000,000 (equivalent to approximately HK\$27,280,000,000) by the Company. The acquisition was subject to the approvals by the Stock Exchange and shareholders of the Company.

On 28 December 2011, the Group entered into termination agreements with the vendor pursuant to which the parties thereto agreed to terminate all transactions contemplated under the above conditional sale and purchase agreement, which shall cease to have any force or effect after the signing of the termination agreements.

29. 退休福利計劃 (續)

於年內，退休福利計劃之供款約為48,000港元（二零一零年：36,000港元）。本集團並無任何已沒收供款可供抵銷職業退休計劃之未來僱主供款。

30. 資本承擔

誠如本公司日期為二零一一年一月十七日之公佈所載，於二零一零年九月二十二日，本集團與一名獨立第三方訂立一份有條件買賣協議，據此，本集團將透過本公司發行最多合共代價3,520,000,000美元（相當於約27,280,000,000港元）之可換股債券收購馬達加斯加共和國之若干鉻礦。收購須待聯交所及本公司股東批准後，方可作實。

於二零一一年十二月二十八日，本集團與賣方訂立終止協議，據此，訂約雙方同意終止上述有條件買賣協議項下擬進行之所有交易，該協議於簽署終止協議後將不再具任何效力或作用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

31. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information of the statement of financial position of the Company at the end of the reporting period:

31. 本公司之財務狀況表資料

本公司於報告期末之財務狀況表資料：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Investment in subsidiaries	於附屬公司之投資	77	77
Amounts due from subsidiaries	應收附屬公司款項	-	9,950
Other assets	其他資產	20,241	11,893
		20,318	21,920
Total Liabilities	總負債	(408,471)	(394,089)
		(388,153)	(372,169)
Share capital	股本	70,236	70,236
Reserves	儲備	(458,389)	(442,405)
		(388,153)	(372,169)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

31. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

31. 本公司之財務狀況表資料 (續)

		Reserves
		儲備
		HK\$'000
		千港元
At 1 January 2010	於二零一零年一月一日	(416,438)
Loss and total comprehensive expense for the year	本年度虧損及全面 開支總額	(25,967)
At 31 December 2010	於二零一零年十二月三十一日	(442,405)
Loss for the year	年內虧損	(15,970)
Decrease in fair value of available-for-sale investments recognised directly in equity	直接於權益確認之可供出售投資公平值 減少	(14)
At 31 December 2011	於二零一一年十二月三十一日	(458,389)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

32. RELATED PARTY DISCLOSURES

32. 關連人士披露

(i) Particulars of amount due to a related party

(i) 應付一名關連人士之款項詳情

	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
A shareholder, who has significant influence, of the Company, included in non-current liabilities (note)	1,653	7,153

Note: The amount is unsecured, interest free and has no fixed terms of repayment. The shareholder has agreed not to demand for repayment for twelve months from the end of the reporting period. Accordingly, the amount is classified as non-current.

附註：該款項為無抵押、免息及並無固定還款期。股東已同意不會於報告期末起計十二個月要求償還。因此，該款項分類為非流動。

(ii) Key management compensation

(ii) 主要管理人員薪酬

The remuneration of the key management of the Group during the year was as follows:

年內本集團主要管理人員薪酬如下：

	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Short-term benefits	1,185	836
Retirement benefits scheme contributions	25	17
	1,210	853

The remuneration of directors and other members of key management is determined by the board of directors having regard to the performance of individual and market trends.

董事及其他主要管理人員成員之薪酬由董事會經參考個人表現及市場趨勢釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

33. 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 shareholders 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 debt and amount due to a shareholder, which includes the promissory notes and convertible bonds disclosed in notes 24 and 25 respectively, and equity attributable to equity holders of the Company, comprising issued share capital and various reserves less accumulated losses.

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

33. 資本風險管理

本集團透過優化債務及股本平衡而管理其資本以確保本集團各實體將能夠持續經營並同時為股東帶來最大回報。本集團之整體策略自去年起維持不變。

本集團之資本架構包括債務及應付股東款項（包括分別於附註24及25披露之承兌票據及可換股債券）及本公司權益持有人應佔權益（包括已發行股本及各項儲備減累計虧損）。

本公司董事定期審閱資本架構。作為是次審閱的一部分，董事考慮與各類資本有關的資本成本及風險。本集團將按董事之推薦建議透過派付股息、發行新股或股份購回以及新增債務或贖回現有債務，以平衡其整體資本架構。

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

34. 金融工具

(a) 金融工具類別

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets	金融資產		
Available-for-sale investments	可供出售投資	5,220	-
Loans and receivables (including cash and cash equivalents)	貸款及應收款項（包括現金及現金等值項目）	20,220	21,781
Financial liabilities	金融負債		
At amortised cost	以攤銷成本計算	320,287	284,702

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade receivables, bank balances and cash, trade and other payables, amount due to a shareholder, convertible bonds and promissory notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the policies on how to mitigate these risks.

Market risk

(i) Currency risk

The Group operates in Hong Kong with most of the transactions are denominated and settled in Hong Kong dollars or United States dollars.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets 資產	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
USD 美元	2	2,722

Sensitivity analysis

No sensitivity analysis has been presented as the directors consider that the Group's exposure to USD is insignificant on the grounds that Hong Kong dollars is pegged to USD.

34. 金融工具 (續)

(b) 財務風險管理目標及政策

本集團之主要金融工具包括可供出售投資、貿易應收款項、銀行結存及現金、貿易及其他應付款項、應付一名股東款項、可換股債券及承兌票據。有關該等金融工具之詳情已於相關附註披露。與該等金融工具有關之風險包括市場風險（貨幣風險及股權價格風險）、信貸風險及流動資金風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當措施。有關如何降低該等風險之政策概無作出變動。

市場風險

(i) 貨幣風險

本集團於香港經營業務，主要交易以港元或美元列值及結算。

於報告期末，本集團以外幣列示之貨幣資產之賬面值如下：

	Assets 資產	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
USD 美元	2	2,722

敏感度分析

由於董事認為港元與美元掛鈎，對美元之外幣風險並不重大，故並無呈列敏感度分析。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities that accounted for as available-for-sale investments of the Group. The Group's equity price risk is mainly concentrated on equity instruments operating in banking industry sector in Hong Kong and PRC quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity securities had been 10% higher/lower, investment revaluation reserve of the Group as at 31 December 2011 would increase/decrease by HK\$522,000 as a result of the changes in fair value of the listed equity available-for-sale investments held by the Group.

No sensitivity analysis has been presented for the year ended 31 December 2010 as the Group held no listed equity available-for-sale investments.

34. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 股價風險

本集團透過於上市股本證券之投資(入賬列為本集團之可供出售投資)而承受股價風險。本集團之股價風險主要集中於在香港及中國之銀行業分類運作並在聯交所報價之股本工具。

敏感度分析

以下敏感度分析乃根據於報告日期承受之股價風險而釐定。倘各自之股本證券價格上升/下降10%，則本集團於二零一一年十二月三十一日之投資重估儲備將因本集團所持有之可供出售投資之上市股本公平值變動而增加/減少522,000港元。

並無呈列截至二零一零年十二月三十一日止年度之敏感度分析，原因為本集團並無持有可供出售投資之上市股本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade and other debt at each end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as approximately 31% (2010: 20%) and approximately 78% (2010: 79%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively, all of which are engaged in the business of conductive silicon rubber keypads. The concentration of credit risk by geographical location is mainly in Hong Kong (2010: the PRC), which accounted for 100% (2010: 78%) of the total trade receivable at the end of the reporting period in the said jurisdiction. The directors have assessed the credit quality of these debtors and have continuously assessed the recoverability of such amounts. For both years, the Company considers the five largest customers have good repayment history and credit quality with reference to the track records of these customers. The directors consider these debtors are of good credit quality based on the regular assessments of such customers and the absence of any default record in the past.

34. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險

於二零一一年十二月三十一日，因交易對方未能履行責任而可為本集團帶來財務虧損之本集團最大信貸風險，乃來自綜合財務狀況表所列各項已確認金融資產之賬面值。

為減低信貸風險，本集團會於各報告期末審閱各個別貿易及其他債務之可收回金額，以確保就無法收回金額確認足夠減值虧損。就此，本公司管理層認為，本集團之信貸風險已大大降低。

由於應收本集團最大客戶及五大客戶（均從事導電硅橡膠按鍵業務）款項分別佔貿易應收款項總額約31%（二零一零年：20%）及約78%（二零一零年：79%），故本集團有集中信貸風險。就地區而言，本集團之信貸風險主要集中於香港（二零一零年：中國），佔在上述司法權區於報告期末貿易應收款項總額之100%（二零一零年：78%）。董事已評估該等應收款項之信貸質素並持續評估該等款項之可收回程度。於兩個年度，經參考五大客戶之往績記錄，本公司認為該等客戶均具有良好償還歷史及信貸質素。董事認為，根據對該等客戶之定期評估及過往並無任何拖欠記錄，該等應收款項均具有良好信貸質素。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

In addition, the Group has concentration of credit risk on liquid funds which are deposited with several banks with good reputation. Other than the above, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group exposed to significant liquidity risk at the end of the reporting period. The net liabilities of the Group as at 31 December 2011 was approximately HK\$306,857,000 (2010: HK\$231,420,000). In view of this, the directors of the Company has given careful consideration to the future liquidity of the Group and have been taking steps to improve the liquidity of the Group and details of which are set out in note 2.

The following table details the Group's contractual maturity for its financial liabilities based on the agreed repayment terms. The tables for non-derivative financial liabilities have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

34. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險 (續)

此外，本集團之流動資金信貸風險集中，該等資金存放於信譽良好之多家銀行內。除上文所述者外，本集團並無任何其他重大之信貸風險集中。

流動資金風險

本集團於報告期末面對重大之流動資金風險。本集團於二零一一年十二月三十一日之負債淨額約為306,857,000港元（二零一零年：231,420,000港元）。有鑑於此，本公司董事對本集團之未來流動資金作出謹慎考量，並採取措施改善本集團之流動資金，詳情載於附註2。

下表乃根據協定還款條款刊載本集團金融負債之合約到期日詳情。就非衍生金融負債而言，該表乃根據本集團被要求支付款項最早日期之金融負債之未貼現現金流編製。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

34. 金融工具 (續)

(b) Financial risk management objectives and policies (continued)

(b) 財務風險管理目標及政策 (續)

Liquidity risk (continued)

流動資金風險 (續)

Liquidity and interest risk table

流動資金及利息風險表

		Weighted average effective interest rate	Less than 1 month	Over 1 year	Total undiscounted cash flows	Carrying amount at 31 December
		加權平均 實際利率	少於1個月 HK\$'000 千港元	超過1年 HK\$'000 千港元	未貼現 現金流總額 HK\$'000 千港元	於十二月 三十一日 賬面值 HK\$'000 千港元
		%				
2011	二零一一年					
Non-derivative financial liabilities	非衍生金融負債					
Other payables	其他應付款項	–	2,015	–	2,015	2,015
Amount due to a shareholder	應付一名股東款項	–	–	1,653	1,653	1,653
Convertible bonds – liability component (note)	可換股債券 – 負債部份 (附註)	14	–	300,000	300,000	229,583
Promissory notes	承兌票據	16	87,500	–	87,500	87,036
			89,515	301,653	391,168	320,287
2010	二零一零年					
Non-derivative financial liabilities	非衍生金融負債					
Trade payables	貿易應付款項	–	1,196	–	1,196	1,196
Amount due to a shareholder	應付一名股東款項	–	–	7,153	7,153	7,153
Convertible bonds – liability component (note)	可換股債券 – 負債部份 (附註)	14	–	300,000	300,000	201,389
Promissory notes	承兌票據	16	–	87,500	87,500	74,964
			1,196	394,653	395,849	284,702

Note: This is categorised based on contractual term of redemption at maturity on the assumption that there are no redemption or conversion of the convertible bonds.

附註：此乃根據假設並無贖回或轉換可換股債券而於到期日贖回之合約條款分類。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(d) Fair value measurements recognised in the consolidated statement of financial position

HKFRS 7 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy should have the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments that are measured subsequently to initial recognition at fair value, represent the Group's investments in listed securities in Hong Kong accounted for as available-for-sale investments, amounted to HK\$5,220,000 (2010: nil) as set out in note 19, is based on Level 1 measurement.

34. 金融工具 (續)

(c) 金融工具公平值

金融資產及金融負債之公平值之釐定方法如下：

- 具標準條款及條件並在活躍流動資金市場買賣之金融資產及金融負債之公平值乃參考市場買入報價釐定；及
- 金融資產及金融負債之公平值乃根據一般接納的定價模式以貼現現金流分析釐定。

(d) 於綜合財務狀況表確認之公平值計量

香港財務報告準則第7號要求實體採用公平值級別（反映於作出計量時採用之輸入值之重要性）分類公平值計量，公平值級別應分為以下層次：

- 同類資產或負債活躍市場之報價（未經調整）（第一級）；
- 除第一級所包括之報價外，該資產或負債之可直接（即價格）或間接（即從價格得出）觀察所得輸入值（第二級）；及
- 並非依據可觀察之市場數據（無法觀察之輸入值）釐定之該資產或負債之輸入值（第三級）。

於初步確認後按公平值計量之金融工具（即本集團於香港上市證券之投資）作為可供出售投資入賬為5,220,000港元（二零一零年：無）（誠如附註19所載），乃根據第一級計量得出。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

35. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2011 and 2010 are as follows:

35. 附屬公司詳情

於二零一一年及二零一零年十二月三十一日，本公司之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或 登記/營業地點	Nominal value of issued and fully paid ordinary share capital/ registered capital 已發行及繳足 普通股股本/ 註冊資本面值	Attributable equity interests by the Company 本公司應佔之 股本權益				Principal activities 主要業務
			Directly 直接		Indirectly 間接		
			2011 二零一一年 %	2010 二零一零年 %	2011 二零一一年 %	2010 二零一零年 %	
Champion Keypad Manufacturing Limited 卓盈按鍵製造有限公司	Hong Kong 香港	HK\$1,000 Ordinary shares 普通股1,000港元	-	-	100	100	Trading in conductive silicon rubber products 買賣導電硅橡膠產品
Gold Concept Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	100	100	-	-	Management service 管理服務
Gold Pioneer Enterprises Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	-	-	100	100	Inactive 暫無業務
Great Perfect Investments Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	100	100	-	-	Management service 管理服務
Hong Shing Industrial Limited 康盛實業有限公司	Hong Kong 香港	HK\$10,000 Ordinary shares 普通股10,000港元	-	-	100	100	Trading in conductive silicon rubber products 買賣導電硅橡膠產品
Long Trinity Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	100	100	-	-	Inactive 暫無業務
Max Dynasty Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	100	100	-	-	Investment holding 投資控股
Million Well Creation Limited 百隆創建有限公司	Hong Kong 香港	HK\$1 Ordinary shares 普通股1港元	-	-	100	100	Management service 管理服務

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

35. PARTICULARS OF SUBSIDIARIES

(continued)

35. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或 登記/營業地點	Nominal value of issued and fully paid ordinary share capital/ registered capital 已發行及繳足 普通股股本/ 註冊資本面值	Attributable equity interests by the Company 本公司應佔之 股本權益				Principal activities 主要業務
			Directly 直接		Indirectly 間接		
			2011 二零一一年 %	2010 二零一零年 %	2011 二零一一年 %	2010 二零一零年 %	
On Shing Holdings Company Limited 安盛控股有限公司	British Virgin Islands 英屬處女群島	US\$10,000 Ordinary shares 普通股10,000美元	-	-	100	100	Investment holding 投資控股
Pacific Choice Holdings Limited	British Virgin Islands 英屬處女群島	US\$10,000 Ordinary shares 普通股10,000美元	-	-	100	100	Investment holding 投資控股
Redditch Enterprises Limited	British Virgin Islands 英屬處女群島	US\$10,001 Ordinary shares 普通股10,001美元	100	100	-	-	Investment holding 投資控股
Sheenway Limited 誠偉有限公司	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	-	-	100	100	Holdings of patents 持有專利
Sourcestar Profits Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	100	100	-	-	Investment holding 投資控股
Starwick Development Limited	British Virgin Islands 英屬處女群島	US\$1 Ordinary shares 普通股1美元	-	-	100	100	Investment holding 投資控股

Financial Summary

財務總表

RESULTS

業績

For the year ended 31 December

截至十二月三十一日止年度

		2007	2008	2009	2010	2011
		二零零七年	二零零八年	二零零九年	二零一零年	二零一一年
		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
Revenue (including continuing and discontinued operations)	收益(包括持續及終止經營業務)	735,114	645,083	134,272	26,524	5,025
Profit (loss) before taxation	除稅前溢利(虧損)	(62,826)	(163,299)	(587,100)	20,380	(82,067)
Income tax (expense) credit	所得稅(開支)抵免	(1,924)	(6,429)	1,430	4,049	6,644
Profit (loss) for the year, attributable to owners of the Company	本年度本公司擁有人應佔溢利(虧損)	(64,750)	(169,728)	(585,670)	24,429	(75,423)

ASSETS AND LIABILITIES

資產及負債

As at 31 December

於十二月三十一日

		2007	2008	2009	2010	2011
		二零零七年	二零零八年	二零零九年	二零一零年	二零一一年
		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
Total assets	總資產	669,470	515,897	41,042	72,217	26,867
Total liabilities	總負債	(294,439)	(262,627)	(296,891)	(303,637)	(333,724)
		375,031	253,270	(255,849)	(231,420)	(306,857)
Equity attributable to owners of the Company	本公司擁有人應佔權益	375,031	253,270	(255,849)	(231,420)	(306,857)



***KARCE* INTERNATIONAL HOLDINGS COMPANY LIMITED**
泰 盛 實 業 集 團 有 限 公 司