



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

ANNUAL REPORT
年報 **2012**

* For Identification Purposes Only
僅供識別

CONTENTS

目錄

Corporate Information	公司資料	1
Chairman's Statement	主席報告	3
Management Discussion and Analysis	管理層討論及業績分析	7
Corporate Governance Report	企業管治報告	11
Directors' Profiles	董事簡介	23
Directors' Report	董事會報告書	28
Independent Auditor's Report	獨立核數師報告	39
Consolidated Statement of Comprehensive Income	綜合全面收益表	49
Consolidated Statement of Financial Position	綜合財務狀況表	51
Statement of Financial Position	財務狀況表	52
Consolidated Statement of Cash Flows	綜合現金流量表	53
Consolidated Statement of Changes in Equity	綜合權益變動表	55
Notes to the Consolidated Financial Statements	綜合財務報表附註	56
Financial Summary	財務總表	151

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 (not re-elected on 1 June 2012)

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 (resigned on 25 September 2012)
Mr. Mak Ka Wing, Patrick
Mr. Shum Kai Wing (appointed on 20 September 2012)

COMPANY SECRETARY

Mr. Cheng Mei Chau

AUDIT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)
Mr. Mak Ka Wing, Patrick
Mr. Shum Kai Wing

REMUNERATION COMMITTEE

Mr. Mak Ka Wing, Patrick (*Chairman*)
Mr. Sun Ying Chung
Mr. Lum Pak Sum
Mr. Shum Kai Wing

NOMINATION COMMITTEE

Mr. Sun Ying Chung (*Chairman*)
Mr. Lum Pak Sum
Mr. Mak Ka Wing, Patrick
Mr. Shum Kai Wing

INVESTMENT STEERING COMMITTEE

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

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 (於二零一二年六月一日未獲重選)

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 (於二零一二年九月二十五日辭任)
麥家榮先生
岑啟榮先生 (於二零一二年九月二十日獲委任)

公司秘書

鄭美洲先生

審核委員會

林栢森先生 (*主席*)
麥家榮先生
岑啟榮先生

薪酬委員會

麥家榮先生 (*主席*)
辛衍忠先生
林栢森先生
岑啟榮先生

提名委員會

辛衍忠先生 (*主席*)
林栢森先生
麥家榮先生
岑啟榮先生

投資督導委員會

楊耀宗先生 (*主席*)
陳崇煒先生
林栢森先生
岑啟榮先生

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 HM11
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

BDO Limited
Certified Public Accountants

核數師

香港立信德豪會計師事務所有限公司
執業會計師

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

百慕達主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
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
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
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 2012.

RESULTS OF THE YEAR

Business conditions in 2012 had been further complicated by the continued slowdown in global economic growth and political leadership changes in a number of major countries, including the United States, China and Russia during the year. Against this backdrop, the Group stepped up its efforts to improve its existing operations and to unwind the acquisition of the TV business through negotiation with the vendors ("Vendors").

In 2012, the Group continued to take proactive measures to increase sales of its conductive silicon rubber keypads trading business. Amid difficult market conditions for conductive rubber keyboards due to sluggish demand and price competition, the Group explored and seized the opportunity to sell products related to conductive silicon rubber keypads – acrylonitrile butadiene styrene. Through expansion of its trading portfolio, the Group was able to double the revenue of its conductive silicon rubber keypads trading business to HK\$10,078,000 for the year ended 31 December 2012, and realised a gross profit of HK\$41,000 as opposed to a gross loss of HK\$1,207,000 in the previous year.

In addition to its principal rubber keypad trading business, the Group had invested in certain blue-chip stocks at relatively low prices during the stock market volatility in 2011, with the aim to broaden revenue stream and make capital gain. These securities investments generated a total dividend income of HK\$298,000 for the Group during the year.

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二零一二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

二零一二年之營商環境因年內全球經濟增長持續放緩及多個主要國家（包括美國、中國及俄羅斯）之政治領導權更替而更見複雜。在此背景下，本集團努力改善其現有營運並透過與該等賣方（「該等賣方」）磋商以取消收購電視業務。

於二零一二年，本集團繼續採取積極措施以增加其導電硅橡膠按鍵貿易業務之銷售。面對因導電橡膠按鍵之需求不振及價格競爭激烈造成之艱難市況，本集團開拓及把握銷售導電硅橡膠按鍵之相關產品—丙烯腈丁二烯苯乙烯的機遇。透過拓展其貿易組合，本集團之導電硅橡膠按鍵貿易業務於截至二零一二年十二月三十一日止年度成功錄得翻倍之收益10,078,000港元，並在去年毛損1,207,000港元之基礎上實現毛利41,000港元。

除其主要橡膠按鍵貿易業務外，本集團亦於二零一一年股市波動時以相對較低之價格投資若干藍籌股，旨在拓闊收益來源及實現資本收益。該等證券投資於年內為本集團帶來股息收入總額298,000港元。

CHAIRMAN'S STATEMENT

主席報告

During 2012, the Group continued to devote efforts in unwinding the acquisition of the LCoS television business. Results of the efforts were reflected in the completion of the disposal ("Disposal") of the television business in February 2013 to Taiwan Micro Display Corp. ("TMDC"), which returned convertible bonds of HK\$187,200,000 to the Company for cancellation. The Disposal included transferring back to TMDC the patents in relation to the production of the LCoS televisions.

For the year ended 31 December 2012, the Group significantly reduced its net loss to HK\$35,285,000 from HK\$75,423,000 in 2011, which included a loss of HK\$35,000,000 from the discontinued LCoS television operations. The loss from the television segment in 2011 was due to the cancellation of a formal agreement on the disposal of the LCoS television operations with an independent third party ("Purchaser"), pursuant to which the Group had to return HK\$35,000,000 of a HK\$50,000,000 deposit previously paid to the Group by the Purchaser.

Basic loss per share from continuing and discontinued operations for the year under review was approximately 5.02 HK cents (2011: basic loss per share of 10.74 HK cents).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012.

FUTURE PLANS AND PROSPECTS

In 2013, the United States and the EU countries are expected to tighten austerity measures to address the issues of budget deficit and sovereign debts respectively. Slowdown in growth, if not continued recession, is expected to be seen in these economies. Meanwhile, world trade is also expected to decline. In the face of these economic prospects, the Group will keep exploring opportunities to increase revenue and broaden earning base.

Amid intense competition in the rubber keypad market, the Group will continue to monitor the market closely and make timely adjustment to its trading portfolio to increase sales.

於二零一二年，本集團繼續努力取消收購LCoS電視業務。努力之成果反映在於二零一三年二月完成向台灣微型影像股份有限公司（「TMDC」）出售電視業務（「出售事項」）中，TMDC已向本公司退還187,200,000港元之可換股債券以供註銷。出售事項包括將與生產LCoS電視有關之專利轉回予TMDC。

截至二零一二年十二月三十一日止年度，本集團之虧損淨額由二零一一年之75,423,000港元大幅下降至35,285,000港元，其包括來自已終止經營之LCoS電視業務之虧損35,000,000港元。二零一一年之電視分部虧損乃由於撤銷與獨立第三方（「買方」）就出售LCoS電視業務訂立之正式協議所致，據此，本集團須退還買方先前支付予本集團之按金50,000,000港元當中之35,000,000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5.02港仙（二零一一年：每股基本虧損10.74港仙）。

股息

董事會並不建議派付截至二零一二年十二月三十一日止年度之末期股息。

未來計劃及展望

於二零一三年，預期美國及歐盟國家將分別收緊緊縮措施以應對預算赤字及主權債務問題。預期該等國家將出現增長放緩（倘並無持續衰退）。與此同時，預期世界貿易亦將會下降。面對此等經濟前景，本集團將繼續物色增加收益及拓闊盈利基礎之機會。

面對橡膠按鍵市場之激烈競爭，本集團將繼續密切監察市場並對其貿易組合作出適時調整以增加銷售。

CHAIRMAN'S STATEMENT

主席報告

In addition to the rubber keypad trading business, the Group has been exploring the opportunities for investing in businesses with high growth potential and good returns. The Group is now conducting study on other non-traditional petroleum derivative products such as aramids paper, which offers better profit margin on trading. However, as of now, no related concrete business plan has been formulated.

The cancellation of HK\$187,200,000 convertible bonds resulting from the unwinding of the acquisition of the LCoS television business will have an immediate positive effect on the Group's balance sheet. To further improve its financial position and thus shareholders' value, the Group believes it is paramount to unwind the promissory notes and the remaining convertible bonds issued in 2009 as part of the consideration for the LCoS television business. After unsuccessful attempts to obtain reply or appropriate actions from the Vendors, the Group initiated legal proceedings, in September 2012, against the Vendors, claiming rescission and restitution of all the consideration paid for the acquisition, including cash of HK\$275,000,000 and cancellation of convertible bonds of a total principal amount of HK\$112,800,000 and promissory notes of HK\$87,500,000. However, the Vendors had not filed their acknowledgement of service or defence before the deadlines. The Group subsequently decided to apply for a default judgement to declare the acquisition agreement null and void, which is now pending hearing. The Group will continue to pursue further legal actions, if necessary, to seek judicial remedies against the Vendors for return of the balance of consideration paid and given to the Vendors.

除橡膠按鍵貿易業務外，本集團一直探尋投資於具高增長潛力及理想回報業務之機會。本集團現時亦研究其他非傳統石油衍生產品（例如芳綸纖維紙），其提供更佳貿易利潤率。然而，截至目前為止，本集團尚未制定任何相關具體業務計劃。

註銷因取消收購LCoS電視業務而發行之187,200,000港元可換股債券將對本集團之資產負債狀況產生即時正面之影響。為進一步改善其財務狀況從而提升股東價值，本集團認為首要任務為取消於二零零九年發行作為LCoS電視業務之部份代價之承兌票據及餘下可換股債券。於未能獲得該等賣方之回覆或採取適當行動後，本集團於二零一二年九月對該等賣方提出法律訴訟，要求解約及復還就收購事項所支付之所有代價，包括現金275,000,000港元以及註銷本金總額112,800,000港元之可換股債券及87,500,000港元之承兌票據。然而，該等賣方並無於截止日期前遞交其確認函或抗辯。本集團隨後決定申請缺席審判，以宣佈收購協議無效，惟有待聆訊。本集團將繼續採取進一步法律行動，若有必要將要求該等賣方作出司法補救，以獲退還已支付及給予該等賣方之代價餘額。

CHAIRMAN'S STATEMENT

主席報告

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 2013

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
二零一三年三月二十八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及業績分析

BUSINESS AND OPERATIONAL REVIEW

The operating environment in 2012 remained challenging. The Group's principal operations — conductive silicon rubber keypads trading, continued to be under the pressure of weak demand for rubber keypads and price competition. Nevertheless, the Group kept exploring ways to boost sales through expanding its trading portfolio.

Regarding the discontinued LCoS television operation, a breakthrough had been made in negotiation with one of the concerned parties to cancel a series of agreements and to return to the Group HK\$187,200,000 convertible bonds issued in relation to the acquisition of the television business. The latest development evidenced the Group's perseverance with improving its results and balance sheet through unwinding the acquisition of the LCoS television business and the convertible bonds and promissory notes issued thereof.

For the year ended 31 December 2012, the Group incurred an effective interest of HK\$32,606,000 (2011: HK\$40,266,000) on outstanding convertible bonds and promissory notes issued as consideration for the acquisition of the television business. As a result, the Group reported a loss attributable to owners of the Company of approximately HK\$35,285,000. Basic loss per share for the year under review was approximately 5.02 HK cents (2011: basic loss per share of 10.74 HK cents).

The significant reduction in the Group's net loss when compared with HK\$75,423,000 in 2011 was mainly due to a loss of HK\$35,000,000 incurred by the discontinued LCoS television operation in 2011, due to the cancellation of a formal agreement with the Purchaser on the LCoS television business disposal. Pursuant to the cancellation of the agreement, the Group had to return to the Purchaser HK\$35,000,000 out of the HK\$50,000,000 deposit paid to the Group in January 2011. The HK\$50,000,000 amount was recognized in 2010 profit or loss as a reversal of impairment loss in respect of intangible assets and included in the profit from discontinued operations for 2010.

業務及營運回顧

二零一二年之營商環境仍然充滿挑戰。本集團之主要業務—導電硅橡膠按鍵貿易仍然面對橡膠按鍵需求疲弱及價格競爭之壓力。然而，本集團不斷透過拓展其貿易組合探尋促進銷售之途徑。

就已終止經營之LCoS電視業務而言，本集團與有關各方之一就撤銷一系列協議及向本集團退還因收購電視業務而發行之187,200,000港元可換股債券而進行之磋商取得突破。最新的進展顯示本集團致力透過取消收購LCoS電視業務及就此發行之可換股債券及承兌票據，以改善其業績及資產負債狀況。

截至二零一二年十二月三十一日止年度，本集團發行作為收購電視業務之代價之尚未償還可換股債券及承兌票據產生實際利息32,606,000港元（二零一一年：40,266,000港元）。因此，本集團錄得本公司擁有人應佔虧損約35,285,000港元。於回顧年度之每股基本虧損約為5.02港仙（二零一一年：每股基本虧損10.74港仙）。

本集團之虧損淨額較二零一一年之75,423,000港元大幅減少，主要由於因撤銷與買方就LCoS電視業務出售訂立之正式協議而於二零一一年就已終止經營之LCoS電視業務產生虧損35,000,000港元所致。根據撤銷協議，本集團須向買方退還已於二零一一年一月支付予本集團之按金50,000,000港元當中之35,000,000港元。該筆50,000,000港元之款項已於二零一零年損益表內確認為無形資產之減值虧損撥回並計入二零一零年終止經營業務之溢利內。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及業績分析

SEGMENTAL ANALYSIS

Conductive Silicon Rubber Keypads

In light of deteriorating market conditions for conductive silicon rubber keypads, the Group sought to trade other related products to improve turnover. By selling acrylonitrile butadiene styrene, a related product of rubber keypads, the Group's revenue increased by 101% to HK\$10,078,000 for the year ended 31 December 2012, with a gross profit of HK\$41,000 as compared to a gross loss of HK\$1,207,000 in the previous year.

The Group will continue to consolidate this business segment through identifying the opportunities for cooperation with PRC notebook and computer keyboard manufacturers and expanding its trading portfolio.

LCoS Television

During the year under review, the Group continued to engage in or seek negotiation with the Vendors of the LCoS television business to buy back or unwind the acquisition. After repeated attempts, the Group succeeded in concluding a deal ("Disposal") with TMDC, the original vendor who sold the LCoS television business to the Vendors. The Disposal included transferring back to TMDC the patents related to LCoS television production and terminating several agreements ("Termination Deeds") in relation to the acquisition. Upon completion of the Termination Deeds in February 2013, TMDC had returned HK\$187,200,000 convertible bonds to the Group for cancellation.

As the Vendors failed to take any remedial actions despite the Group's repeated demands, the Group, in September 2012, initiated legal actions against the Vendors, who again did not file their acknowledgement of service or defence before the deadlines. Such legal actions are aimed at claiming rescission and restitution of all the consideration paid including cash of HK\$275,000,000, and cancellation of convertible bonds of a total principal amount of HK\$112,800,000 and promissory notes of HK\$87,500,000. The Group subsequently decided to apply for a default judgment to declare the acquisition agreement null and void. The application is now pending hearing.

分部分析

導電硅橡膠按鍵

鑑於導電硅橡膠按鍵之市況轉差，本集團尋求買賣其他相關產品以提升營業額。透過銷售丙烯腈丁二烯苯乙烯（橡膠按鍵之相關產品），本集團截至二零一二年十二月三十一日止年度之收益增加101%至10,078,000港元，毛利為41,000港元，而去年則為毛損1,207,000港元。

本集團將繼續透過物色與中國筆記本電腦及電腦鍵盤製造商合作之機會及拓展其貿易組合以整合此業務分部。

LCoS電視

於回顧年度內，本集團繼續進行或尋求與LCoS電視業務之該等賣方磋商，以購回或取消收購。於不懈的嘗試後，本集團成功與出售LCoS電視業務予該等賣方之原賣方TMDC達成交易（「出售事項」）。出售事項包括將與LCoS電視生產有關之專利轉回予TMDC及終止與收購有關之若干份協議（「終止契約」）。於二零一三年二月完成終止契約後，TMDC已將187,200,000港元之可換股債券退還予本集團以供註銷。

儘管本集團一再要求，由於該等賣方並無採取任何補救行動，故本集團於二零一二年九月對該等賣方提出法律訴訟，而該等賣方再次並未於截止日期前遞交其確認函或抗辯。有關法律訴訟旨在要求解約及復還所支付之所有代價，包括現金275,000,000港元以及註銷本金總額112,800,000港元之可換股債券及87,500,000港元之承兌票據。本集團隨後決定申請缺席審判，以宣佈收購協議無效。該申請現時有待聆訊。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及業績分析

CAPITAL STRUCTURE

As at 31 December 2012, the Group had a deficiency in shareholders' equity of approximately HK\$340,650,000 (31 December 2011: a deficiency of approximately HK\$306,857,000). As at 31 December 2012, the short term and long term interest bearing debts to shareholders' equity was nil (31 December 2011: 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 stable financial position. As at 31 December 2012, the Group's bank balances and cash amounted to approximately HK\$9,917,000 (31 December 2011: HK\$19,293,000).

As at 31 December 2012, the current ratio was approximately 0.13 (2011: approximately 0.24) based on current assets of approximately HK\$11,505,000 and current liabilities of approximately HK\$89,194,000.

As at 31 December 2012, 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.

MATERIAL ACQUISITION AND DISPOSAL DURING THE YEAR

During the year under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company. However, subsequent to the end of the year under review, the Group completed the disposal of its LCoS television business through the completion of the Termination Deeds with TMDC, and the transfer of patents in relation to LCoS television production to TMDC. Upon the completion of the Termination Deeds in February 2013, the Group was given back convertible bonds previously issued to TMDC in a total principal amount of HK\$187,200,000 for cancellation.

資本結構

於二零一二年十二月三十一日，本集團之股東權益虧絀約為340,650,000港元（二零一一年十二月三十一日：虧絀約306,857,000港元）。於二零一二年十二月三十一日，短期及長期計息債務佔股東權益比率為零（二零一一年十二月三十一日：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。於二零一二年十二月三十一日，本集團之銀行結餘及現金約為9,917,000港元（二零一一年十二月三十一日：19,293,000港元）。

於二零一二年十二月三十一日，流動比率約為0.13（二零一一年：約0.24），此乃按流動資產約11,505,000港元及流動負債約89,194,000港元之基準計算。

於二零一二年十二月三十一日，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。

本年度之重大收購及出售事項

於回顧年度內，概無重大收購或出售本公司之附屬公司或聯營公司。然而，於回顧年度結束後，本集團透過完成與TMDC訂立之終止契約及轉讓與LCoS電視製造有關之專利予TMDC完成出售其LCoS電視業務。於二零一三年二月完成終止契約後，先前發行予TMDC之本金總額為187,200,000港元之可換股債券已退還予本集團以供註銷。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及業績分析

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars. 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 2012, the Group employed approximately 5 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 2012, 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

於二零一二年十二月三十一日，本集團在香港僱用約5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

於二零一二年十二月三十一日，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 recognizes the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code (formerly the “Code on Corporate Governance Practices”) contained in Appendix 14 (the “Code”) of the Listing Rules including those revised code provisions which became effective on 1 April 2012. During the year ended 31 December 2012, the Company complied with all applicable provisions of the Code for their respective applicable periods except for deviation as stated below:-

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer (“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. Detail of deviation of this code is explained in the relevant paragraph headed under ‘CHAIRMAN AND CHIEF EXECUTIVE OFFICER’ below.

企業管治常規

本公司深知維持高水平企業管治之重要性，藉以保障股東之利益。

本公司已採納上市規則附錄十四所載之企業管治守則（前稱「企業管治常規守則」）（「該守則」），包括於二零一二年四月一日生效之該等經修訂守則條文。於截至二零一二年十二月三十一日止年度內，本集團已於其各自之適用期間內遵守該守則之所有適用條文，惟下文所述之偏離情況除外：

守則條文第A.2.1條

根據守則條文第A.2.1條，主席與行政總裁（「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。該項守則之偏離詳情於下文「主席及行政總裁」項下之相關段落內說明。

CORPORATE GOVERNANCE REPORT

企業管治報告

Code Provision A.6.7

Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, Mr. Lee Kwok Leung was unable to attend the general meetings held during the year.

Code Provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged commitments, Mr. Sun Ying Chung was unable to attend the annual general meeting held during the year.

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's business strategic decisions and performances.

As at the date of this report, the Board comprises two Executive Directors, Mr. Sun Ying Chung (Chairman) and Mr. Chan Sung Wai (Deputy Chairman); two Non-executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey; and three Independent Non-executive Directors, Mr. Lum Pak Sum, Mr. Mak Ka Wing, Patrick and Mr. Shum Kai Wing.

守則條文第A.6.7條

根據守則條文第A.6.7條，獨立非執行董事及其他非執行董事亦應出席股東大會，並對股東之意見有公正了解。由於其他預先已安排之工作，李國樑先生未能出席於年內舉行之股東大會。

守則條文第E.1.2條

根據守則條文第E.1.2條，董事會主席應出席股東週年大會。由於其他預先已安排之工作，辛衍忠先生未能出席於年內舉行之股東週年大會。

董事會

董事會負責領導及監控本公司並監察本集團之業務策略方針及表現。

於本報告日期，董事會由兩名執行董事辛衍忠先生（主席）及陳崇煒先生（副主席）；兩名非執行董事李國樑先生及楊耀宗先生；以及三名獨立非執行董事林栢森先生、麥家榮先生及岑啟榮先生組成。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Independent Non-executive Directors of the Company are persons with academic and professional qualifications in the fields of accounting and appropriate expertise. They provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each Independent Non-executive Director gives an annual confirmation of his independence to the Company and the Company considers these directors to be independent under Rule 3.13 of the Listing Rules.

本公司之獨立非執行董事為於會計領域擁有學術及專業資格及適當專長之人士。彼等為有效履行董事會之職責及責任提供鼎力支持。各獨立非執行董事均向本公司作出其獨立性之年度確認，而本公司認為根據上市規則第3.13條，該等董事均為獨立。

Details of Directors' attendance records during the year ended 31 December 2012 are set out below:

於截至二零一二年十二月三十一日止年度內，董事出席會議記錄之詳情載列如下：

Directors	董事	AGM 股東 週年大會	Meetings Attended/Held 出席次數／舉行會議次數				Investment Steering Committee 投資督導 委員會
			Board 董事會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	
Executive Directors	執行董事						
Mr. Sun Ying Chung	辛衍忠先生	0/1	1/9		0/1	1/3	
Mr. Chan Sung Wai	陳崇煒先生	1/1	9/9				2/2
Mr. Wong King Lam, Joseph (not re-elected on 1 June 2012)	黃景霖先生 (於二零一二年 六月一日未獲重選)	1/1	1/2				
Non-executive Directors	非執行董事						
Mr. Lee Kwok Leung	李國樑先生	0/1	5/9				
Mr. Yang Yiu Chong, Ronald Jeffrey	楊耀宗先生	1/1	7/9				1/2
Independent Non-executive Directors	獨立非執行董事						
Mr. Lum Pak Sum	林栢森先生	1/1	9/9	4/4	1/1	3/3	2/2
Mr. Law Chun Choi (resigned on 25 September 2012)	羅進財先生 (於二零一二年 九月二十五日辭任)	1/1	6/7	3/3	0/0	2/3	
Mr. Mak Ka Wing, Patrick	麥家榮先生	1/1	8/9	4/4	1/1	3/3	
Mr. Shum Kai Wing (appointed on 20 September 2012)	岑啟榮先生 (於二零一二年 九月二十日獲委任)	0/0	2/2	1/1	0/0	0/0	1/1

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 2012.

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之詳情以作決定及委員會會議記錄。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或審議權。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。於二零一二年整個年度，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。

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Non-executive Directors of the Company including Independent Non-executive Directors, are appointed for terms of three years. In addition, all Directors are subject to retirement by rotation and re-election at the annual general meeting pursuant to the Bye-laws of the Company.

According to the Company's Bye-laws, Directors appointed to fill casual vacancies shall hold office until the next following general meeting and can be eligible for re-appointment at that time.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

The Directors are continually encouraged to update themselves with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

All Directors are requested to provide the Company with their respective training records pursuant to the Code.

During the year, the Directors have confirmed their participation in appropriate continuous professional development activities by ways of attending seminars or self-reading.

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 2012.

委任及重選董事

本公司之非執行董事（包括獨立非執行董事）以三年任期獲委任。此外，全體董事須根據本公司之公司細則於股東週年大會上輪值退任並重選連任。

根據本公司之公司細則，獲委任以填補臨時空缺之董事之任期至下屆股東大會為止，及屆時可符合資格重選連任。

董事之持續專業發展

本公司持續鼓勵董事了解最新之法例及監管發展、業務及市場變動，以促進彼等履行其責任。

根據該守則，全體董事均須向本公司提供彼等各自之培訓記錄。

年內，董事已確認，彼等透過出席研討會或自行閱讀而參加適當持續專業發展活動。

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所載之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，各董事於截至二零一二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。

CORPORATE GOVERNANCE REPORT

企業管治報告

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 held one meeting during the year under review.

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.

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。

其主要目的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建議。

於回顧年度內，提名委員會已舉行一次會議。

薪酬委員會

根據守則條文第B.1.1條，本公司應成立具有明確書面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，包括實物福利、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作出推薦建議。

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 (resigned on 25 September 2012)
Mr. Mak Ka Wing, Patrick
Mr. Shum Kai Wing (appointed on 20 September 2012)

Three meetings of the Remuneration Committee were held in 2012 to discuss remuneration related matters.

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 37 of this report.

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（於二零一二年九月二十五日辭任）
麥家榮先生
岑啟榮先生（於二零一二年九月二十日獲委任）

薪酬委員會於二零一二年舉行三次會議，以討論薪酬相關事宜。

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37頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITORS' REMUNERATION

The Company's external auditors are BDO Limited (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 2012, the Auditors have performed audit services and their remuneration in respect of audit service is HK\$750,000.

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 (resigned on 25 September 2012)
Mr. Mak Ka Wing, Patrick
Mr. Shum Kai Wing (appointed on 20 September 2012)

核數師酬金

本公司之外聘核數師為香港立信德豪會計師事務所有限公司(「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。截至二零一二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750,000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書面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(於二零一二年九月二十五日辭任)
麥家榮先生
岑啟榮先生(於二零一二年九月二十日獲委任)

CORPORATE GOVERNANCE REPORT

企業管治報告

The Audit Committee held four meetings during the year under review.

The Group's audited consolidated results for the year ended 31 December 2012 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.

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

於回顧年度內，審核委員會已舉行四次會議。

審核委員會已審閱本集團截至二零一二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。

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. During the year and until the date of this report, members composed of one Executive Director, one Non-executive Director and two Independent Non-executive Directors. 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。年內及直至本報告日期，成員由一名執行董事、一名非執行董事及兩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。臨時會議於已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 39 and 40 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.

COMPANY SECRETARY'S TRAINING

During the year ended 31 December 2012, Mr. Cheng has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting

Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings can send a written request to the Board or the Secretary of the Company to request a Special General Meeting ("SGM").

The written request should be deposited at the principal place of business of the Company in Hong Kong at Suite 3404, 34/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, for the attention of the Company Secretary.

The written request must state the resolution(s), accompanied by a statement of the matters referred in the proposed resolution(s) and signed by the shareholder(s) concerned.

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39及40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性及足夠性。董事會定期召開會議以討論財務、營運及合規監控風險管理職能。

公司秘書之培訓

於截至二零一二年十二月三十一日止年度內，鄭先生已接受不少於15小時之相關專業培訓以更新其技能及知識。

股東之權利

召開股東特別大會

持有賦有於股東大會上投票權之本公司繳足股本不少於十分之一的股東可向董事會或本公司之秘書發出書面要求以要求召開股東特別大會（「股東特別大會」）。

書面要求應遞交至本公司之香港主要營業地點，地址為香港中環夏慤道12號美國銀行中心34樓3404室，註明公司秘書收啟。

書面要求必須列明決議案連同建議決議案內所提述之事項聲明，並經有關股東簽署。

CORPORATE GOVERNANCE REPORT

企業管治報告

The request will be verified with the Company's share registrar and upon its confirmation that the request is proper and in order, the Company will convene a SGM within twenty-one (21) days of the deposit of the request. The actual SGM shall be held within two (2) months after the deposit of the written request.

Putting Forward Proposals at Shareholders' Meeting

The procedures for shareholder(s) to put forward proposals at SGM include a written notice of those proposals being submitted by the shareholder(s) of the Company, addressed to the Board or the company secretary at the principal place of business of the Company in Hong Kong at Suite 3404, 34/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Procedures for nomination of Directors for election

The procedures for shareholders to propose a person for election as a Director are available on the Company's website at <http://www.aplushk.com/clients/1159>.

該要求將由本公司之股份過戶處予以核實，並於其確認該要求屬適當及依序作出後，本公司將於遞交該要求後二十一(21)日內召開股東特別大會。實際股東特別大會將於遞交書面要求後兩(2)個月內舉行。

於股東大會上提出建議

股東於股東特別大會上提出建議之程序包括由本公司股東提交該等建議之書面通知，遞交至本公司之香港主要營業地點，地址為香港中環夏慤道12號美國銀行中心34樓3404室，註明董事會或公司秘書收啟。

提名董事參選之程序

股東提名人士參選董事之程序可於本公司網頁 (<http://www.aplushk.com/clients/1159>)查閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

AMENDMENT TO CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2012, there were no significant changes to the Company's constitutional document save for those approved at the Annual General Meeting ("AGM") held on 1 June 2012 to pass a special resolution approving the amendments to the Company's Bye-laws to conform to the provisions of the Listing Rules and the Code (including the amendments thereto). The updated consolidated version is available on the websites of the Company and the Stock Exchange.

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 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.

修訂憲章文件

於截至二零一二年十二月三十一日止年度內，除於二零一二年六月一日舉行之股東週年大會（「股東週年大會」）上所批准者以通過一項特別決議案批准對本公司之公司細則之修訂，以符合上市規則及該守則（包括其修訂）之條文外，本公司之憲章文件並無重大變動。經更新綜合版本可於本公司及聯交所之網站查閱。

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 73, 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 64, 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 and Asia Resources Holdings Limited (stock Code: 899) for the period from October 2008 to September 2012.

執行董事

辛衍忠先生（「辛先生」），七十三歲，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」），六十四歲，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、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）之執行董事及於二零零八年十月至二零一二年九月期間內出任亞洲資源控股有限公司（股份代號：899）之執行董事。

DIRECTORS' PROFILES

董事簡介

NON-EXECUTIVE DIRECTORS

Mr. Lee Kwok Leung (“Mr. Lee”), aged 59, 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 46, 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.

非執行董事

李國樑先生（「李先生」），五十九歲，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」），四十六歲，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 52, 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」），五十二歲，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。上述公司均於香港聯合交易所有限公司上市。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. Mak Ka Wing, Patrick (“Mr. Mak”), aged 48, 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 is also a China-Appointed Attesting Officer and Civil Celebrant of Marriages.

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), China Kingstone Mining Holdings Limited, Dalian Star Land Property Co., Ltd., Dalian Star Shine Property Co., Ltd., Dalian Star Bright Property Co., Ltd. and a director of Asia Green Agriculture Corporation (OTCBB:AGAC) which incorporated under the laws of the State of Nevada, USA.

麥家榮先生（「麥先生」），四十八歲，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。彼亦為中國委託公證人及婚姻監禮人。

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）、中國金石礦業控股有限公司、Dalian Star Land Property Co., Ltd.、Dalian Star Shine Property Co., Ltd.、Dalian Star Bright Property Co., Ltd.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' PROFILES

董事簡介

Mr. Shum Kai Wing ("Mr. Shum"), aged 48, was appointed an Independent Non-executive Director of the Company on 20 September 2012. Mr. Shum graduated from City University of Hong Kong with a Bachelor degree in Accountancy in 1992. Mr. Shum is a fellow member of Chartered Association of Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. He has over 20 years' accounting experience in commercial sectors, including working for an international audit firm for 4 years.

Mr. Shum is currently the Manager, Financial Advisory of Sunnic Corporate Management Limited.

Mr. Shum was an independent non-executive director of Wonderful World Holdings Limited (Stock code: 109) from August 2004 to July 2007 and Galileo Capital Group Limited (Stock code: 8029) from January 2004 to August 2006. He was the Financial Controller and Company Secretary of G.A. Holdings Limited (Stock code: 8126) during the period from August 2001 to December 2004.

岑啟榮先生（「岑先生」），四十八歲，於二零一二年九月二十日獲委任為本公司獨立非執行董事。岑先生於一九九二年畢業於香港城市大學，持有會計學學士學位。岑先生為英國特許公認會計師公會資深會員及香港會計師公會會員。彼於商業領域具有逾20年之會計經驗，包括於一間國際核數師行任職四年。

岑先生現時為新諾商務管理有限公司之財務顧問經理。

岑先生於二零零四年八月至二零零七年七月及於二零零四年一月至二零零六年八月分別擔任榮德豐控股有限公司（股份代號：109）及嘉利盈融資集團有限公司（股份代號：8029）之獨立非執行董事。彼於二零零一年八月至二零零四年十二月期間擔任G.A.控股有限公司（股份代號：8126）之財務總監兼公司秘書。

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 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 49 and 50 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 28 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 55 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」）截至二零一二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32。

業績

本集團截至二零一二年十二月三十一日止年度之業績載於年報第49頁及50頁之綜合全面收益表。

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28。

儲備

本集團於年內之儲備變動詳情載於年報第55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 2012 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 2012 (2011: 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

During the year ended 31 December 2012, 100% of purchases of the Group were made from one supplier. The aggregate sales attributable to the Group's largest customer and all customers, which is in a total of four, taken together accounted for 45% and 100% 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,於二零一二年十二月三十一日,本公司概無可供分派儲備。本公司於二零一二年十二月三十一日為數102,675,000港元之股份溢價賬(二零一一年: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

於截至二零一二年十二月三十一日止年度內,本集團之所有採購乃向一名供應商作出。於本年度內,本集團之最大及所有客戶(總數為四名)合共應佔之總銷售額分別佔本集團總營業額之45%及100%。

本公司所有董事、彼等之聯繫人士或任何股東(據本公司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 (not re-elected on 1 June 2012)

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 (resigned on 25 September 2012)

Mr. Mak Ka Wing, Patrick

Mr. Shum Kai Wing (appointed on 20 September 2012)

In accordance with Bye-laws 86(2), 87(1) and 87(2) of the Company's bye-laws, Messrs. Shum Kai Wing, Mak Ka Wing Patrick and Sun Ying Chung 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 (於二零一二年六月一日未獲重選)

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 (於二零一二年九月二十五日辭任)

麥家榮先生

岑啟榮先生 (於二零一二年九月二十日獲委任)

根據本公司之公司細則第86(2)、87(1)及87(2)條，岑啟榮先生、麥家榮先生及辛衍忠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 2012, 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)

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

於二零一二年十二月三十一日，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須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 董事姓名	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 2012, 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

The share option scheme adopted by the Company on 29 May 2002 (the "2002 Share Option Scheme") has been lapsed on 28 May 2012. A new share option scheme (the "2012 Share Option Scheme") was adopted by the Company on 1 June 2012. No options were granted under the 2002 and 2012 Share Option Schemes since the 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，於二零一二年十二月三十一日，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第XV部）之股份、相關股份及債券中擁有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（「二零零二年認購股權計劃」）已於二零一二年五月二十八日失效。本公司於二零一二年六月一日採納一項新認購股權計劃（「二零一二年認購股權計劃」）。自採納以來，概無根據二零零二年及二零一二年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 2012, 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:

於二零一二年十二月三十一日，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條須由本公司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	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital of the Company
股東姓名／名稱	身份	所持普通股數目	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 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)
Fairtime International Limited ("Fairtime")	Beneficial owner (note 3) 實益擁有人(附註3)	612,500,000	87.21%
Chan Shun Yuen 陳迅元	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%
Taiwan Micro Display Corporation ("TMDC") 台灣微型影像股份有限公司 (「TMDC」)	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 詹培忠	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%

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 2012.
 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二零一二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 2012.

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 26.

Save as disclosed above, the Company had no outstanding convertible securities, warrants or other similar rights as at 31 December 2012 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 34 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TMDC發行187,200,000港元之可換股債券（其賦予TMDC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，於二零一二年十二月三十一日，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

本公司擁有就有關硅液晶體（「LCoS」）電視之非常重大收購事項於二零零九年一月發行之本金額300,000,000港元而於二零一四年到期之尚未行使零息可換股債券，該等債券可按每股0.4港元兌換。詳情已於附註3及26中披露。

除上文所披露者外，本公司於二零一二年十二月三十一日並無尚未行使之可換股證券、認股權證或其他類似權利，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34。

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 2012, 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 2012.

酬金政策

本集團僱員之酬金政策根據僱員之表現、資格及能力釐定。

本公司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

截至二零一二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，本公司確認於截至二零一二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 Board recognizes the importance of maintaining a high standard of corporate governance with an aim to protect the interests of shareholders. A report on the principal corporate governance practices adopted by the Company is set out on pages 11 to 22 of the annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2012.

AUDITORS

BDO Limited was appointed as auditor of the Company pursuant to an ordinary resolution at the special general meeting of the Company held on 18 March 2013. Deloitte Touche Tohmatsu, Certified Public Accountants, acted as auditor of the Company for the period from 21 September 2010 and up to 22 February 2013.

A resolution will be submitted to the annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Sun Ying Chung

Chairman and Managing Director

Hong Kong

28 March 2013

企業管治

董事會認同維持高水平企業管治以保障股東權益之重要性。本公司所採納之主要企業管治常規報告載於年報第11至22頁。

審核委員會

審核委員會已審閱本集團截至二零一二年十二月三十一日止年度之綜合財務報表。

核數師

根據於本公司於二零一三年三月十八日舉行之股東特別大會上之一項普通決議案，香港立信德豪會計師事務所有限公司獲委任為本公司核數師。執業會計師德勤•關黃陳方會計師行於二零一零年九月二十一日至二零一三年二月二十二日止期間擔任本公司核數師。

本公司將於股東週年大會上提呈一項續聘香港立信德豪會計師事務所有限公司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

二零一三年三月二十八日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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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)

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)

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 49 to 150, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

本核數師(以下簡稱「我們」)已獲委任以審核載於第49至150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二零一二年十二月三十一日之綜合及公司財務狀況表與截至該日止年度之綜合全面收益表、綜合現金流量表及綜合權益變動表,以及主要會計政策概要及其他解釋資料。

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.

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. This report is made 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. 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

(a) 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.

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.

核數師之責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見。我們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。我們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，我們根據香港會計師公會刊發之香港核數準則進行我們之審閱。該等準則要求我們遵守職業道德規範，並規劃及執行審核，從而獲得合理依據以確定財務報表是否不存有任何重大錯誤陳述。由於我們保留意見之基礎一段所述之事宜，然而，我們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

(a) 有關於截至二零零九年十二月三十一日止年度取消綜合一間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總代價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」）。

誠如綜合財務報表附註3(ii)所載，貴公司董事於二零零九年十一月三十日後未能獲取及查閱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，並議決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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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.

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 were appointed as auditors of the Company pursuant to an ordinary resolution passed at the special general meeting of the Company held on 18 March 2013. We have therefore been unable to carry out audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether:

- (i) the accumulated losses of the Group as at 31 December 2012, 31 December 2011 and 1 January 2011 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) were free from material misstatement; and
- (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.

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（「Pacific Choice餘下集團」）之資產應於 貴集團失去對中國附屬公司之控制權同日悉數減值。

由於上述情況， 貴公司董事未能向我們提供中國附屬公司完整之會計賬簿及記錄。我們乃根據 貴公司於二零一三年三月十八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 貴公司之核數師。因此我們未能進行審核程序以取得充足適當審核憑證令我們信納以下事項：

- (i) 貴集團於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日之累計虧損乃因(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）止期間產生之虧損而產生，是否不存在重大錯誤陳述；及
- (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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 1 January 2011 and the results of operations for the years ended 31 December 2012 and 31 December 2011 that might have a significant effect on the state of the Group's affairs as at 31 December 2012, 31 December 2011 and 1 January 2011 and on its loss for the years ended 31 December 2012 and 31 December 2011. The predecessor auditor disclaimed their audit opinion on the consolidated financial statements for the years ended 31 December 2011 and 31 December 2010.

(b) Limitation of Scope – Fair Value and Carrying Amounts of Convertible Bonds as at 31 December 2012 and 31 December 2011 and Interest Charge for the years ended 31 December 2012 and 31 December 2011

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 26 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 not provided with the explanation that we considered necessary for the assessment of the valuation of the convertible bonds and there were no alternative audit procedures that we could perform to obtain sufficient audit evidence to satisfy ourselves as to whether the valuation was properly prepared 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\$261,725,000, HK\$229,583,000 and HK\$201,389,000 as at 31 December 2012, 31 December 2011 and 1 January 2011, respectively, as disclosed in note 26 to the consolidated financial statements were free from material misstatement;

因此，我們無法釐定是否有必要對二零一一年一月一日的累計虧損及截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度的經營業績作出任何調整，此舉可能對貴集團於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日的事務狀況及截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度的虧損造成重大影響。前任核數師並無就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綜合財務報表發表審核意見。

(b) 於二零一二年十二月三十一日及二零一一年十二月三十一日可換股債券之公平值及賬面值及截至二零一二年十二月三十一日及二零一一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26所載，貴公司董事已於二零零九年一月十五日委任獨立估值師對於發行日期發行之可換股債券之公平值進行估值。然而，我們未獲提供我們認為就可換股債券估值評估所須的解釋且我們並無獲得足夠審核憑證之可用替代審核程序，以令我們信納估值是否妥為編製，因此，我們未能信納以下事項：

- (i) 可換股債券之負債部份於初始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26所披露，彼等分別於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日之賬面值261,725,000港元、229,583,000港元及201,389,000港元，是否不存在重大錯誤陳述；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- (ii) convertible bonds reserve of HK\$120,398,000 as at 31 December 2012, 31 December 2011 and 1 January 2011 representing equity component of the convertible bonds (net of related deferred tax liabilities arising from the issue of the convertible bonds) recognised directly in equity, income tax credit of HK\$5,303,000 and HK\$4,652,000 recognised in the profit or loss for the years ended 31 December 2012 and 31 December 2011 respectively, and the deferred tax liabilities arising from the issue of the convertible bonds of HK\$6,316,000, HK\$11,619,000 and HK\$16,271,000 as at 31 December 2012, 31 December 2011 and 1 January 2011, respectively, were 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 2012, 31 December 2011 and 1 January 2011;
- (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 on this goodwill of HK\$77,685,000 recognised in the profit or loss for the year ended 31 December 2009 and included in the accumulated losses as at 31 December 2012, 31 December 2011 and 1 January 2011 was free from material misstatement; and
- (v) the interest charge recognised in the profit or loss in respect of the liability component of the convertible bonds, as set out in note 26 to the consolidated financial statements, amounting to HK\$32,142,000 and HK\$28,194,000 for the years ended 31 December 2012 and 31 December 2011, respectively, were free from material misstatement.
- (ii) 於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日被直接確認於權益內為可換股債券儲備之可換股債券權益部份（經扣除因發行可換股債券而產生之有關遞延稅項負債後）為數120,398,000港元及於截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度分別確認於損益之所得稅抵免5,303,000港元及4,652,000港元，連同於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日之由於發行可換股債券而產生之遞延稅項負債分別為數6,316,000港元、11,619,000港元及16,271,000港元是否存在重大錯誤陳述；
- (iii) 於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日，為收購Pacific Choice集團而發行之可換股債券內任何其他根據香港會計準則第39號確認之嵌入式衍生工具；
- (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於損益確認之此商譽減值虧損77,685,000港元並計入於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日之累計虧損是否存在重大錯誤陳述；及
- (v) 誠如綜合財務報表附註26所載，截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度，就可換股債券之負債部份於損益確認之利息支出分別為32,142,000港元及28,194,000港元是否存在重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

We were therefore unable to determine whether any adjustments were necessary to be made to the carrying amounts of the liability component of the convertible bonds as at 31 December 2012, December 2011 and 1 January 2011, the accumulated losses as at 1 January 2011 and the results of operations for the years ended 31 December 2012 and 31 December 2011 that might have a significant effect on the state of the Group's affairs as at 31 December 2012, 31 December 2011 and 1 January 2011 and on its loss for the years ended 31 December 2012 and 31 December 2011. The predecessor auditor disclaimed their audit opinion on the consolidated financial statements for the years ended 31 December 2011 and 31 December 2010.

(c) Limitation of Scope – Carrying Amounts of Promissory Notes as at 31 December 2012 and 31 December 2011 and Interest Charge and Income Tax Credit for the years ended 31 December 2012 and 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 25 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 without further extension granted during the year. However, this liability has neither been settled nor, in the opinion of the directors, a demand for claims has been received from the noteholder or its representative up to the date of this report.

因此，我們無法釐定是否有必要對可換股債券之負債部份於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日的賬面值、於二零一一年一月一日的累計虧損及截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度的經營業績作出任何調整，此舉可能對 貴集團於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日的事務狀況及其於截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度之虧損造成重大影響。前任核數師並無就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綜合財務報表發表審核意見。

(c) 於二零一二年十二月三十一日及二零一一年十二月三十一日之承兌票據賬面值及截至二零一二年十二月三十一日及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25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及於年內並無授出進一步延長。然而，董事認為，截至本報告日期，該負債尚未結清及並無從票據持有人或其代表收到索償要求。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

We circulated direct confirmations to the noteholder but did not receive a reply and there were no alternative audit procedures that we could perform to obtain sufficient audit evidence to satisfy ourselves as to whether the promissory notes of HK\$87,500,000 and HK\$87,036,000 included in the consolidated statement of financial position as at 31 December 2012 and 31 December 2011, respectively, and the pertinent interest charge of HK\$464,000 and HK\$12,072,000 and income tax credit of HK\$76,000 and HK\$1,992,000 recognised in the profit or loss for the years ended 31 December 2012 and 31 December 2011, respectively, were free from material misstatement. 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 2012 and 31 December 2011 and on its loss for the years ended 31 December 2012 and 31 December 2011. The predecessor auditor disclaimed their audit opinion on the consolidated financial statements for the years ended 31 December 2011 and 31 December 2010.

我們向票據持有人直接發出詢證函，但並未收到回覆，且我們並沒有能使我們獲得足夠審核證據之替代審核程序，以令我們滿足就分別計入於二零一二年十二月三十一日及二零一一年十二月三十一日之綜合財務狀況表之87,500,000港元及87,036,000港元之承兌票據及於截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度分別於損益確認之464,000港元及12,072,000港元之相關利息支出及所得稅抵免76,000港元及1,992,000港元是否不存有重大錯誤陳述。倘發現須就上述作出任何必需調整，則有關調整可能對 貴集團於二零一二年十二月三十一日及二零一一年十二月三十一日之財務狀況及其截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度之虧損造成重大影響。前任核數師並無就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綜合財務報表發表審核意見。

(d) **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 2012 and 31 December 2011**

The Group acquired an intangible asset in the acquisition of the Pacific Choice Group in 2009. The carrying amount of this intangible asset was fully impaired in the year ended 31 December 2009. (See limitation of scope (a) above).

Included in the consolidated statement of financial position as at 1 January 2011 as set out in note 17 to the consolidated financial statements, the carrying value of this intangible asset amounted to HK\$50,000,000. This HK\$50,000,000 uplift arose from the partial reversal of the impairment loss recognised during the year ended 31 December 2010. The amount of reversal was determined by the directors of the Company based on the amount of the non-refundable deposit received in January 2011

(d) **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二零一二年十二月三十一日及二零一一年十二月三十一日之無形資產之賬面值的範圍限制**

本集團於二零零九年收購Pacific Choice時收購一項無形資產。該無形資產之賬面值與截至二零零九年十二月三十一日止年度已悉數減值。(請參閱上文範圍限制(a))。

誠如綜合財務報表附註17所載，於二零一一年一月一日之綜合財務狀況表包括此項賬面值為50,000,000港元之無形資產。於截至二零一零年十二月三十一日止年度內確認之減值虧損部份撥回產生50,000,000港元之上升。該撥回數額乃由 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金額釐定。誠如綜合財務報表附註

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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. We were not provided with an assessment of recoverable amount of the intangible asset 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 any reversal of impairment loss should be recognised and whether the reversal amount of HK\$50,000,000 included in the accumulated losses as at 1 January 2011 was free from material misstatement and the carrying value of the intangible asset as at 1 January 2011 had been properly stated in accordance with HKAS 38 "Intangible Assets" issued by the HKICPA ("HKAS 38").

As set out in notes 3(v) and 17 to the consolidated financial statements, the proposed disposal of Sourcestar and the Pacific Choice Group 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 we were not provided with an assessment of recoverable amount of the intangible asset prepared in accordance with HKAS 36 by the directors of the Company, 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) recognised in the profit or loss for the year ended 31 December 2011 and included in the accumulated losses as at 31 December 2012 and 31 December 2011 was properly determined in accordance with the requirements of HKAS 36; and

3(iv)所詳述，建議出售之總代價超過50,000,000港元。在未獲提供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」編製之無形資產可收回金額評估情況下，因此我們未能信納是否應確認減值虧損之任何撥回及計入於二零一一年一月一日之累計虧損之撥回數額50,000,000港元是否不存在重大錯誤陳述及無形資產於二零一一年一月一日之賬面值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」予以妥為載列。

誠如綜合財務報表附註3(v)及17所載，建議出售 Sourcestar及Pacific Choice集團之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港元已全數減值。由於上段所述之情況及在我們未獲提供根據香港會計準則第36號編製無形資產可收回金額評估之情況下，因此我們無法信納：

- (i) 於截至二零一一年十二月三十一日止年度之損益確認及計入於二零一二年十二月三十一日及二零一一年十二月三十一日之累計虧損之有關款項之減值（誠如綜合財務報表附註11所披露）乃根據香港會計準則第36條之規定妥為釐定；及

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- (ii) the carrying values of the intangible asset has been properly stated in accordance with HKAS 38 as at 31 December 2012 and 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 2012, 31 December 2011 and 1 January 2011 and on its loss for the years ended 31 December 2012 and 31 December 2011. The predecessor auditor disclaimed their audit opinion on the consolidated financial statements for the years ended 31 December 2011 and 31 December 2010.

GOING CONCERN

As set out in note 2 to the consolidated financial statements, the Group incurred a loss of approximately HK\$35,285,000 during the year ended 31 December 2012 and, as of that date, had net current liabilities and net liabilities of approximately HK\$77,689,000 and approximately HK\$340,650,000 respectively. 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 and the recognition of further liabilities that may be necessary if the Group is unable to continue as a going concern.

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.

- (ii) 無形資產之賬面值已於二零一二年十二月三十一日及二零一一年十二月三十一日根據香港會計準則第38號予以妥為載列。

倘發現須就上述數額作出任何必需調整，則有關調整可能對本集團於二零一二年十二月三十一日、二零一一年十二月三十一日及二零一一年一月一日之事務狀況以及其於截至二零一二年十二月三十一日及二零一一年十二月三十一日止年度之虧損造成重大影響。前任核數師並無就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綜合財務報表發表審核意見。

持續經營

誠如綜合財務報表附註2所載，貴集團於截至二零一二年十二月三十一日止年度產生虧損約35,285,000港元及於該日之流動負債淨額及負債淨額分別約為77,689,000港元及約340,650,000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及確認進一步負債有關之任何調整。

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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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.

BDO Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number P05544

Hong Kong

28 March 2013

保留意見

由於「保留意見之基礎」各段所述之事項之重要性，故我們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，我們不會就綜合財務報表發表意見。於所有其他方面，我們認為，綜合財務報表已根據香港公司條例之披露規定妥為編製。

香港立信德豪會計師事務所有限公司

香港執業會計師

張世杰

執業證書號碼P05544

香港

二零一三年三月二十八日

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		Notes 附註	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Continuing operations 持續經營業務				
Revenue 收益		7	10,078	5,025
Cost of goods sold 已售貨品成本			(10,037)	(6,232)
Gross profit/(loss) 毛利/(損)			41	(1,207)
Other revenue 其他收入			298	-
Other gains and losses 其他收益及虧損			80	2,515
Administrative expenses 行政開支			(8,477)	(8,109)
Finance costs 融資成本		9	(32,606)	(40,266)
Loss before taxation 除稅前虧損			(40,664)	(47,067)
Income tax credit 所得稅抵免		10	5,379	6,644
Loss for the year from continuing operations 來自持續經營業務之本年度虧損			(35,285)	(40,423)
Discontinued operations 終止經營業務				
Loss for the year from discontinued operations 來自終止經營業務之本年度虧損		11	-	(35,000)
Loss for the year, attributable to owners of the Company 本公司擁有人應佔本年度虧損				
Increase/(decrease) in fair value of available-for-sale investments, representing other comprehensive income for the year 可供出售投資之公平值增加/(減少)·為本年度之其他全面收入			1,492	(14)
Loss and total comprehensive income for the year, attributable to owners of the Company 本公司擁有人應佔本年度虧損及全面收入總額		12	(33,793)	(75,437)

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		Notes 附註	2012 二零一二年 HK cents 港仙	2011 二零一一年 HK cents 港仙
Loss per share	每股虧損	15		
From continuing and discontinued operations	來自持續經營業務及終止經營業務			
– Basic	– 基本		(5.02)	(10.74)
– Diluted	– 攤薄		(5.02)	(10.74)
From continuing operations	來自持續經營業務			
– Basic	– 基本		(5.02)	(5.76)
– Diluted	– 攤薄		(5.02)	(5.76)

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2012 於二零一二年十二月三十一日

		Notes 附註	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Non-current assets	非流動資產			
Equipment	設備	16	21	16
Intangible asset	無形資產	17	—	—
Goodwill	商譽	18	—	—
Available-for-sale investments	可供出售投資	19	6,712	5,220
			6,733	5,236
Current assets	流動資產			
Inventories	存貨	20	—	937
Trade receivables	貿易應收款項	21	622	927
Prepayments	預付款項		966	474
Bank balances and cash	銀行結存及現金	23	9,917	19,293
			11,505	21,631
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項		1,694	3,757
Promissory notes	承兌票據	25	87,500	87,036
			89,194	90,793
Net current liabilities	流動負債淨值		(77,689)	(69,162)
Total assets less current liabilities	總資產減流動負債		(70,956)	(63,926)
Non-current liabilities	非流動負債			
Amount due to a shareholder	應付一名股東款項	34	1,653	1,653
Convertible bonds	可換股債券	26	261,725	229,583
Deferred tax liabilities	遞延稅項負債	27	6,316	11,695
			269,694	242,931
Net liabilities	負債淨值		(340,650)	(306,857)
Capital and reserves attributable to owners of the Company	本公司擁有人應佔資本及儲備			
Share capital	股本	28	70,236	70,236
Reserves	儲備	33	(410,886)	(377,093)
			(340,650)	(306,857)

The consolidated financial statements on pages 49 to 150 were approved and authorised for issue by the Board of Directors on 28 March 2013 and are signed on its behalf by:

第49頁至第150頁之綜合財務報表於二零一三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

Statement of Financial Position

財務狀況表

At 31 December 2012 於二零一二年十二月三十一日

		Notes 附註	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Non-current assets	非流動資產			
Available-for-sale investments	可供出售投資	19	6,712	5,220
Investments in subsidiaries	於附屬公司之投資	32	77	77
			6,789	5,297
Current assets	流動資產			
Prepayments	預付款項		966	474
Amount due from a subsidiary	應收一間附屬公司款項	22	1	–
Bank balances and cash	銀行結存及現金	23	5,607	14,547
			6,574	15,021
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項		1,579	1,743
Amount due to a subsidiary	應付一間附屬公司款項	24	165,522	165,527
			167,101	167,270
Net current liabilities	流動負債淨值		(160,527)	(152,249)
Total assets less current liabilities	總資產減流動負債		(153,738)	(146,952)
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券	26	261,725	229,583
Deferred tax liabilities	遞延稅項負債	27	6,316	11,618
			268,041	241,201
Net liabilities	負債淨額		(421,779)	(388,153)
Capital and reserves	資本及儲備			
Share capital	股本	28	70,236	70,236
Reserves	儲備	33	(492,015)	(458,389)
			(421,779)	(388,153)

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 Cash Flows

綜合現金流量表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Operating activities	經營業務		
Loss before taxation:	除稅前虧損：		
Continuing operations	持續經營業務	(40,664)	(47,067)
Discontinued operations	終止經營業務	-	(35,000)
		(40,664)	(82,067)
Adjustments for:	按下列各項調整：		
Depreciation of equipment	設備折舊	7	6
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)
Impairment loss recognised in respect of intangible asset	就無形資產確認之 減值虧損	-	50,000
Reversal of impairment loss of trade receivables, net	貿易應收款項之 減值虧損撥回淨額	(79)	(2,516)
Dividend income	股息收入	(298)	-
Finance costs	融資成本	32,606	40,266
Operating cash flows before movements in working capital	營運資金變動前之經營現金 流量	(8,428)	(7,406)
Decrease/(increase) in inventories	存貨減少／(增加)	937	(937)
Decrease in trade receivables	貿易應收款項減少	384	7,514
Increase in prepayments	預付款項增加	(492)	(55)
Decrease in trade payables	貿易應付款項減少	-	(1,196)
(Decrease)/increase in accruals	應計費用(減少)／增加	(2,063)	1,261
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	(9,662)	(819)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 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	(12)	(10)
Deposits received for disposal of intangible asset	出售無形資產之已收按金	-	50,000
Dividend income	股息收入	298	-
Net cash generated from investing activities	來自投資業務之現金淨額	286	9,756
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)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目(減少)/增加淨額	(9,376)	3,437
Cash and cash equivalents at the beginning of the year	年初之現金及現金等值項目	19,293	15,856
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	9,917	19,293

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		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	重估儲備	可換股 債券儲備	累計虧損	合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2011	於二零一一年一月一日	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	可供出售投資公平值減少	-	-	-	-	(14)	-	-	(14)
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	-	(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)
Loss for the year	本年度虧損	-	-	-	-	-	-	(35,285)	(35,285)
Increase in fair value of available-for-sale investments	可供出售投資公平值增加	-	-	-	-	1,492	-	-	1,492
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	-	1,492	-	(35,285)	(33,793)
At 31 December 2012	於二零一二年十二月三十一日	70,236	102,675	1,564	(123)	1,478	120,398	(636,878)	(340,650)

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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 at 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 32.

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 incurred a loss of approximately HK\$35,285,000 for the year ended 31 December 2012 and as of that date, had net current liabilities of approximately HK\$77,689,000 and net liabilities of approximately HK\$340,650,000. 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, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 2013, and the bank balances and cash position of approximately HK\$9,917,000 as at 31 December 2012, the Group has sufficient resources to continue its operations for the foreseeable future.

1. 一般事項

本公司在百慕達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32。

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

於編製綜合財務報表時，鑑於本集團於截至二零一二年十二月三十一日止年度產生虧損約35,285,000港元及於該日存在流動負債淨額約77,689,000港元及負債淨額約340,650,000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。此等情況顯示存在可能對本集團持續經營之能力產生重大疑問之重大不確定性，因此本集團可能無法於其正常業務過程中變現其資產及償付其負債。由於本公司董事於計及截至二零一三年十二月三十一日止年度之現金流量預測及於二零一二年十二月三十一日之銀行結餘及現金狀況約9,917,000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 2012 截至二零一二年十二月三十一日止年度

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

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

- (i) the indebtedness of the Group mainly comprised 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\$355,541,000 in aggregate as at 31 December 2012.

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 25, the maturity of the promissory notes was extended to January 2012 without further extension granted. However, these liabilities have not been settled and 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 approval of these financial statements.

As stated in note 3(vi) below, the Company has initiated legal proceedings against the vendors on 12 September 2012 in regard to the claim of restitution for total failure of consideration and rescission in connection with the Acquisition Agreement. Subsequently on 8 March 2013, the Company lodged an application to the High Court of the Hong Kong Special Administrative Region (the "High Court") for a default judgment in favour of the Company. The details of these are set out in the Company's announcement on 8 March 2013. A court hearing was held on 27 March 2013. Upon the hearing, there is a court order that the matter will be adjourned to be heard before a judge in chambers. Further notice has not been given by the High Court at the date of approval of these consolidated financial statements.

2. 綜合財務報表編製基準 (續)

此外，下列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，此包括於二零一二年十二月三十一日合共約355,541,000港元之承兌票據、可換股債券及遞延稅項負債。

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25所載，承兌票據之到期日延長至二零一二年一月且並無授出進一步延長。然而，該等負債尚未結清且截至該等財務報表批准日期，概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。

誠如下文附註3(vi)所述，本集團已於二零一二年九月十二日就與收購協議有關之代價完全未獲履行之復還及解約索償而向賣方提出法律訴訟。於二零一三年三月八日後，本公司向香港特別行政區高等法院(「高等法院」)遞交申請以本公司為受益人進行缺席審判。該等事項之詳情載於本公司日期為二零一三年三月八日之公佈。法院聆訊於二零一三年三月二十七日進行。在進行聆訊後，法院頒令該事宜將延後由法院法官審理。於批准該等財務報表之日期，高等法院尚未發出進一步通知。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

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

(i) (continued)

As referred to the legal opinions, the Company has taken the firm legal position as evinced in the statement of claims filed on 12 September 2012 that the Acquisition Agreement should be terminated and there should be restitution whereby all the consideration paid or given out by the Company would be recovered or cancelled in the case of promissory notes and convertible bonds.

The directors of the Company have evaluated all the relevant facts available to them, and are of the opinion that should the legal proceedings against the vendors be successful, the relevant liabilities to the vendors arising from the acquisition of the Pacific Choice Group amounting to HK\$475,300,000 as at 31 December 2012 would be derecognised from the consolidated statement of financial position.

(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, on the successful basis of 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, taking account of the progress that has been made so far since initiation, 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)

(i) (續)

誠如法律意見所述，本公司於二零一二年九月十二日已表明堅定法律立場（誠如備案之索償聲明所示），收購協議須予以終止及本公司須具有返還請求權，據此，本公司可收回所支付或給予之所有代價或註銷有關承兌票據及可換股債券。

本公司董事已評估彼等可獲得之所有有關事實，認為針對賣方之法律訴訟倘勝訴，於二零一二年十二月三十一日收購Pacific Choice集團而產生之475,300,000港元之結欠賣方之相關負債將於綜合財務狀況表終止確認。

(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，按成功實施該等措施之基準，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。經計及自實施以來所取得之進展，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 2012 截至二零一二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 (as supplemented) with China Eagle Development Limited (“China Eagle”) and Fairtime International Limited (“Fairtime”) (collectively referred to as 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 (as detailed in note 3(i) below) (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 is an investment holding company incorporated in the British Virgin Islands with limited liability. United Opto-Electronics (Suzhou) Co., Ltd. 聯合光電(蘇州)有限公司 (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”) would be 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(經補充)，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(詳情載於下文附註3(i)) (可根據下文所詳述予以調整) (「收購協議」)。

於收購事項時，Pacific Choice為全資持有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。

於收購事項之日期，Sheenway持有附註17所載之專利，即Pacific Choice集團之單一主要資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 Taiwan Micro Display Corp. 台灣微型影像股份有限公司 (“TMDC”) be registered under or owned by the Pacific Choice Group. Despite certain closing conditions of the acquisition were not fulfilled in their entirety, they were conditionally waived by the Company 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 arisen 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 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，由台灣微型影像股份有限公司（「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 2012 截至二零一二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, comprising the amounts of HK\$67,800,000, HK\$45,000,000 and HK\$187,200,000 to China Eagle, Fairtime and TMDC respectively, 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 twelve months from the date 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 25, the maturity of the Promissory Notes were subsequently extended to January 2012 and were matured but not yet settled up to the date of approval of these consolidated financial statements.

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 2012 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(包括分別應付China Eagle·Fairtime及TMDC之67,800,000港元、45,000,000港元及187,200,000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25所載,承兌票據之到期日隨後延長至二零一二年一月及於直至該等綜合財務報表批准日期尚未結算。

董事認為,目標溢利水平並未達致,故於截至二零一二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 2012 截至二零一二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 to proceed with its completion, all of the Tranche 1 Bonds were held by an escrow agent pursuant to an escrow agreement until all conditions (as set out below), as specified in a supplementary agreement to the Acquisition Agreement signed on 24 October 2008 between, among others, the Vendors, Sourcestar, and the Company, had been fulfilled. Such conditions, among others, included the release of the pledge 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 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 arising 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 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 (as supplemented). 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持有，直至賣方、Sourcestar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（經補充）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 2012 截至二零一二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 2009, the Group and China Eagle agreed and transacted accordingly that upon an early repayment of part of the Promissory Notes for a principal amount of HK\$250,000,000, 10% of the Promissory Notes (i.e. HK\$37,500,000) would be cancelled in favour of the Group.

During each of the years ended 31 December 2012 and 2011 and up to the date of approval of these consolidated financial statements, the transfer of ownership of the relevant machineries had not been taken place and all certificates of the Tranche 1 Bonds were still held under escrow as at 31 December 2012 and 2011.

(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)

於二零零九年內，本集團及China Eagle同意撤銷本集團10%之應付承兌票據（即37,500,000港元）以提早償還本金為250,000,000港元之部份承兌票據。雙方並按此交易。

於截至二零一二年及二零一一年十二月三十一日止年度各年及截至該等綜合財務報表批准日期止，並無進行相關機器之所有權轉讓，而於二零一二年及二零一一年十二月三十一日，第一批債券之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 2012 截至二零一二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 has been 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（中國附屬公司除外）「Pacific Choice餘下集團」之資產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 2012 截至二零一二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 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 continual requests by the Group's management seeking the Pacific Choice Group's assistance and fulfilment 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 ever 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, the Tranche 1 Bonds and the 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 up with terms of agreement with the Vendors.

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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 endeavours to procure the fulfilment 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 2012 截至二零一二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 to 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中確認。其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 2012 截至二零一二年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS (continued)

(vi) Actions to unwind the acquisition of the Pacific Choice Group

As highlighted in note 3(iii) above, the Group has put continual efforts to demand the Vendors to provide satisfactory explanations and suggest remedial actions to the breach of the Acquisition Agreement in April 2009, May 2009, March 2010 and January 2011. Despite the Company's good-faith approach to the Vendors to resolve the issues in an amicable manner and the Company's repeated requests for meetings to discuss about the possible alternatives on such resolution, the Vendors have continued to disregard the request of the Company.

The Group was legally advised that by reason of wrongful breaches by the Vendors and the warrantors to the Vendors in the acquisition of the Pacific Choice Group and their failure to take any remedial actions despite repeated demands by the Group, there was a total failure of consideration for what the Group has bargained and paid for under the Acquisition Agreement. A letter was therefore, issued by the Group's legal adviser dated 23 July 2012 to terminate the Acquisition Agreement by accepting the wrongful repudiation of the same on the part of the Vendors and the warrantors. In the circumstances, those outstanding convertible bonds in the principal amount of HK\$2,000,000,000, namely, Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds (i.e. those contingently issuable convertible bonds mentioned in note 1 above), being the remaining balance of the consideration under the Acquisition Agreement will not be issued to the Vendors. A counsel has been retained to advise and to issue legal proceedings against the Vendors for claims of rescission and restitution of all consideration paid including cash of HK\$275,000,000, Tranche 1 Bonds (excluding those issued to TMDC) of HK\$112,800,000 and the Promissory Notes, to the extent of not being settled, of HK\$87,500,000.

3. 硅液晶體電視業務 (續)

(vi) 轉回收購Pacific Choice集團之訴訟

誠如上文附註3(iii)所強調，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一直嘗試要求賣方就違反收購協議提供合理解釋及提出補救措施。儘管本公司本著真誠之態度與賣方商談友好解決問題且本公司屢次提出要求會面以討論有關解決方案之可能替代選擇，惟賣方仍繼續不理會本公司之請求。

本集團在法律方面獲得建議，由於賣方與賣方就收購Pacific Choice集團之擔保人不正當違反及儘管本集團屢次提出要求但彼等未能採取任何補救行動，本集團根據收購協議所議定及支付之代價完全未獲履行。因此，本集團之法律顧問於二零一二年七月二十三日發出一份函件，透過接受賣方與擔保人不正當拒絕履行有關要求而終止收購協議。於此等情況下，本金額為2,000,000,000港元（即收購協議項下代價之餘額）之該等尚未償還可換股債券（即第二批債券、第三批債券及第四批債券（及上文附註1提及之臨時可發行之可換股債券））將不會發行予賣方。本公司已聘請法律顧問就要求解約及復還所支付之所有代價，包括現金275,000,000港元、本金總額112,800,000港元之第一批債券（不包括發行予TMDC之部份）及承兌票據（不超過尚未償還之87,500,000港元）提供意見及提出法律訴訟。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

3. LIQUID CRYSTAL ON SILICON TELEVISION BUSINESS (continued)

(vi) Actions to unwind the acquisition of the Pacific Choice Group (continued)

On 12 September, 2012, the Group has issued legal proceedings against the Vendors in the High Court in regard to the claim of restitution for total failure of consideration and rescission in connection with the Acquisition Agreement (the "Action"). In the statement of claim, the Group claims against the Vendors, among others, for:

- (a) a declaration that the Acquisition Agreement (as supplemented) be null and void for total failure of consideration;
- (b) an order that the position of the parties, namely the Company, Sourcestar, the Vendors and the warrantors, be restored to the original position prior to the signing of the Acquisition Agreement, including but not limited to the return of all consideration paid to the Vendors for the acquisition totalling HK\$475,300,000 which encompasses cash amounting to HK\$250,000,000 and HK\$25,000,000 paid to China Eagle and Fairtime respectively, Tranche 1 Bonds (excluding those issued to TMDC and subsequently cancelled on 5 March 2013 as mentioned below) amounting to HK\$112,800,000 of which HK\$67,800,000 was issued to China Eagle and HK\$45,000,000 was issued to Fairtime, the Promissory Notes, to the extent of not being settled, amounting to HK\$87,500,000 issued to China Eagle;
- (c) alternatively damages to be assessed; and
- (d) interests, costs and other relief.

For details of the Action, please refer to the announcement of the Company dated 12 September 2012.

3. 硅液晶體電視業務 (續)

(vi) 轉回收購Pacific Choice集團之訴訟 (續)

於二零一二年九月十二日，本集團於高等法院就索償復還與收購協議有關之完全未獲履行之代價及解約而向賣方提出法律訴訟（「該訴訟」）。於索償聲明中，本集團向賣方索償（其中包括）：

- a) 宣佈收購協議（經補充）因代價完全未獲履行而無效；
- b) 頒令將訂約方（即本公司、Sourcestar、賣方及擔保人）之狀況恢復至於簽署收購協議前之原本狀況，包括但不限於向歸還所有已付予賣方之收購代價總額475,300,000港元，其包括分別支付予China Eagle及Fairtime之現金250,000,000港元及25,000,000港元、分別發行予China Eagle及Fairtime之112,800,000港元及67,800,000港元第一批債券（不包括下文所述發行予TMDC並其後於二零一三年三月五日註銷之部份）及發行予China Eagle之承兌票據（不超過尚未償還之87,500,000港元）；
- c) 或選擇有待評估的損害賠償；及
- d) 利息、堂費及其他補償。

該訴訟之詳情請參閱本公司日期為二零一二年九月十二日之公告。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

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

(vi) Actions to unwind the acquisition of the Pacific Choice Group *(continued)*

The Vendors have not filed acknowledgement of service or defence before the respective deadlines as stipulated in the relevant rules of the Rules of the High Court of Hong Kong Special Administrative Region, the Group has applied to the High Court for a judgment by way of summons on 8 March 2013 with regard to, amongst other things, its claims of restitution for total failure of consideration and rescission in connection with the Acquisition Agreement.

Court hearing has been held on 27 March 2013 and adjourned. Further notice of the hearing has not been made by the High Court at the date of approval of these consolidated financial statements.

As referred to in legal opinions, the Company has taken the firm legal position as evinced in the statement of claims filed in the Actions that the Acquisition Agreement should terminate and there should be restitution whereby all the consideration paid or given out by the Company would be recovered or cancelled in the case of promissory notes and convertible notes.

3. 硅液晶體電視業務 *(續)*

(vi) 轉回收購Pacific Choice集團之訴訟 *(續)*

賣方於香港特別行政區高等法院規則之有關規則所規定之相關期限前並無遞交送達認收書或抗辯書，故本集團已於二零一三年三月八日向高等法院提出傳票以申請就（其中包括）與收購協議有關之代價完全未獲履行之復還及解約索償作出判決。

法院聆訊已於二零一三年三月二十七日舉行，於該等綜合財務報表獲批准日期，聆訊尚未完成。

誠如法律意見所述，本公司已表明堅定法律立場（誠如該等訴訟內備案之索償聲明所示），收購協議須予以終止及本公司須具有返還請求權，據此，本公司可收回所支付或給予之所有代價或註銷有關承兌票據及可換股債券。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

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

(vi) Actions to unwind the acquisition of the Pacific Choice Group *(continued)*

Even though the legal proceedings against the Vendors is still underway, considering that the Company can get back the Convertible Bonds and TMDC is willing to co-operate with the Company in order to get back the patents for their use, as one of the remedial actions to the above breaches and to mitigate the loss, the Company agreed to transfer back to TMDC the entire issued share capital of Precise Media, the sales patents (excluding those have already expired), which were transferred to the Group from TMDC under the Acquisition Agreement, and to terminate a series of agreements wherein TMDC granted the Group the rights to use its patents, as well as other related agreements signed between TMDC and the Group (known as the "Termination Transactions with TMDC"). In return, TMDC shall tender back the part of the Tranche 1 Bonds issued to TMDC amounting to HK\$187,200,000 to the Company for cancellation.

On 28 February 2013 and 5 March 2013, the relevant conditions pertinent to the Termination Transactions with TMDC have been completed to the effect that the part of Tranche 1 Bonds issued to TMDC has been tendered back and cancelled, the unexpired patents recognised as intangible assets in note 17 with zero carrying amount as at 31 December 2012 has been returned to TMDC and Precise Media has ceased to be a subsidiary of the Company accordingly.

3. 硅液晶體電視業務 *(續)*

(vi) 轉回收購Pacific Choice集團之訴訟 *(續)*

雖然針對賣方之法律訴訟仍在進行中，但考慮到本公司可收回可換股債券，且TMDC願意與本公司合作以收回專利供彼等使用，作為上述違反之補救措施之一及為減輕損失，本公司已同意將TMDC根據收購協議轉讓予本集團之Precise Media之全部已發行股本及銷售專利（已過期者除外）轉回予TMDC，並終止一系列TMDC授予本集團權利使用其專利之協議，以及TMDC與本集團簽署之其他相關協議（稱為「與TMDC之終止交易」）。作為回報，TMDC須交回為數187,200,000港元之第一批債券予本公司以作註銷。

於二零一三年二月二十八日及二零一三年三月五日，與與TMDC之終止交易有關之相關條件已達成，以便發行予TMDC之部份第一批債券交回及註銷，於附註17確認為無形資產賬面值為零之未過期專利已轉回予TMDC，Precise Media相應不再為本公司之附屬公司。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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”) which are relevant to the Group’s operations.

Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets
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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經修訂香港財務報告準則

於本年度，本集團已採用下列與本集團業務有關的由香港會計師公會（「香港會計師公會」）頒佈的新訂及經修訂香港財務報告準則。

香港財務報告準則第7號（修訂本）	披露－轉讓金融資產
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於本年度採用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 2012 截至二零一二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 are relevant to the Group’s operations have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle ²
Amendments to HKAS1 (Revised)	Presentation of Items of Other Comprehensive Income ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ³
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
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
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²

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

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與本集團業務有關的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（修訂本）	二零零九年至二零一一年週期之年度改進 ²
香港會計準則第1號（修訂本）（經修訂）	呈列其他全面收入項目 ¹
香港會計準則第32號（修訂本）	抵銷金融資產及金融負債 ³
香港財務報告準則第7號（修訂本）	抵銷金融資產及金融負債 ²
香港財務報告準則第9號	金融工具 ⁴
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27號（二零一一年）	獨立財務報表 ²
香港會計準則第28號（二零一一年）	於聯營公司及合營公司的投資 ²

- 1 於二零一二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 於二零一四年一月一日或之後開始的年度期間生效
- 4 於二零一五年一月一日或之後開始的年度期間生效

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments to four standards.

(i) HKAS 1 Presentation of Financial Statements

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

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）

香港財務報告準則（修訂本） – 二零零九年至二零一一年週期之年度改進

該等改進已對四項準則作出修訂。

(i) 香港會計準則第1號財務報表之呈列

該等修訂澄清，有關當實體追溯應用會計政策或於其財務報表將項目追溯重列或重新分類而呈列第三份財務狀況表之規定僅適用於對該財務狀況表內之資料構成重要影響之情況。期初財務狀況表之日期是指前一段期間開始之時，而非（截至目前為止）最早可比較期間開始之時。該等修訂亦澄清，除香港會計準則第1.41-44號及香港會計準則第8號規定之披露外，毋須為第三份財務狀況表呈列有關附註。實體可呈列額外的自願比較資料，惟有關資料須根據香港財務報告準則編製。此可包括一份或多份報表，而並非一套完整財務報表。所呈列之各額外報表均須呈列相關附註。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle (continued)

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

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

(iii) **HKAS 32 Financial Instruments: Presentation**

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

(iv) **HKAS 34 Interim Financial Reporting**

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

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）

香港財務報告準則（修訂本）— 二零零九年至二零一一年週期之年度改進（續）

(ii) **香港會計準則第16號物業、廠房及設備**

該等修訂澄清，當項目（例如備件、備用設備及維修設備）符合物業、廠房及設備之定義時，有關項目乃確認為物業、廠房及設備。否則，有關項目分類為存貨。

(iii) **香港會計準則第32號金融工具：呈列**

該等修訂澄清，與向股本工具持有人作出分派及股本交易之交易成本有關之所得稅應根據香港會計準則第12號所得稅入賬。視不同情況而定，該等所得稅項目可能於權益、其他全面收益或損益中確認。

(iv) **香港會計準則第34號中期財務報告**

該等修訂澄清，於中期財務報表，當就一個特定可申報分部而計量之總資產及負債金額乃定期向主要經營決策者匯報，且該分部之總資產及負債較上一份年度財務報表所披露之金額有重大變動時，則須披露有關總資產及負債之計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

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

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

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

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

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

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

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）

香港會計準則第1號之修訂本（經修訂） – 呈列其他全面收入項目

香港會計準則第1號之修訂（經修訂）規定本集團將呈列於其他全面收入的項目分為可能於日後重新分類至損益的項目（如可供出售金融資產之重新估值）及未必會重新分類至損益的項目（如物業、廠房及設備之重新估值）。就其他全面收入項目繳納的稅項會按相同基準進行分配及披露。修訂將追溯應用。

香港會計準則第32號（修訂本） – 抵銷金融資產及金融負債

該等修訂澄清透過對香港會計準則第32號加入應用指引而澄清抵銷規定，並澄清實體何時「現時擁有法律上可強制執行權利以抵銷」以及何時總額結算機制而被認為等同於淨額結算。

香港財務報告準則第7號（修訂本） – 抵銷金融資產及金融負債

修訂香港財務報告準則第7號旨在引入有關根據香港會計準則第32號抵銷之所有已確認金融工具以及該等須受可強制執行總對銷協議或類似安排所規限者（而不論是否根據香港會計準則第32號抵銷）之披露規定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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）

香港財務報告準則第9號－金融工具

根據香港財務報告準則第9號，金融資產分類為按公平價值或按攤銷成本計量的金融資產，取決於實體管理金融資產的業務模式及金融資產的合約現金流量特徵。公平價值損益將於損益確認，惟對於該等非貿易股本投資，實體可選擇於其他全面收入確認損益。香港財務報告準則第9號貫徹香港會計準則第39號有關金融負債確認、分類及計量規定，惟指定為按公平價值計入損益之金融負債除外（該負債信貸風險變動應佔的公平價值變動數額於其他全面收入確認），除非在其他全面收入呈列該負債的信貸風險變動會導致或擴大會計錯配。此外，香港財務報告準則第9號保留香港會計準則第39號有關終止確認金融資產及金融負債的規定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRS 10 – Consolidated Financial Statements

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

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）

香港財務報告準則第10號－綜合財務報表

香港財務報告準則第10號就綜合計算所有被投資實體引入單一控股模式。當投資者有權控制被投資方（不論實際上有否行使該權力）、對來自被投資方之浮動回報享有之承擔或權利以及能運用對被投資方之權力以影響該等回報時，投資者即擁有控制權。香港財務報告準則第10號載有評估控制權之詳細指引。例如，該準則引入「實際」控制權之概念，倘相對於其他個人股東之表決權益之數量及分散情況，投資者之表決權益數量足以佔優，使其獲得對被投資方之權力，持有被投資方表決權少於50%之投資者仍可控制被投資方。潛在表決權僅在實質存在（即持有人有實際能力可行使該等表決權）時，在分析控制權時考慮。該準則明確要求評估具有決策權之投資者是以委託人或代理人身份行事，以及具有決策權之其他各方是否以投資者之代理人身份行事。代理人獲委聘以代表另一方及為另一方之利益行事，故在其行使其決策權限時並不控制被投資方。實施香港財務報告準則第10號可能導致該等被視為受本集團控制並因此在財務報表中綜合入賬之實體出現變動。現行香港會計準則第27號有關其他綜合計算相關事項之會計規定貫徹不變。香港財務報告準則第10號獲追溯應用，惟須受限於若干過渡性條文。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

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）

香港財務報告準則第11號－共同安排

香港財務報告準則第11號所指之共同安排與香港會計準則第31號所指之合營企業之基本特點相同。共同安排分類為合營業務或合營企業。倘本集團有權享有共同安排之資產及有義務承擔其負債，則被視為合營者，並將確認其於共同安排產生之資產、負債、收入及開支之權益。倘本集團有權享有共同安排之整體淨資產，則被視為於合營企業擁有權益，並將應用權益會計法。香港財務報告準則第11號不准許採用比例綜合法。在透過獨立實體組織之安排中，所有相關事實及情況均應予考慮，以釐定參與該安排之各方是否有權享有該安排之淨資產。以往，獨立法律實體之存在為釐定香港會計準則第31號所指之共同控制實體是否存在之主要因素。香港財務報告準則第11號將追溯應用，並特別規定由比例綜合法改為權益法之合營企業及由權益法改為將資產及負債入賬之合營業務須予重列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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)

HKFRS 12 – Disclosure of Interests in Other Entities

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

HKFRS 13 – Fair Value Measurement

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

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）

香港財務報告準則第12號－披露於其他實體的權益

香港財務報告準則第12號整合有關於附屬公司、聯營公司及共同安排之權益之披露規定，並使有關規定貫徹一致。該準則亦引入新披露規定，包括有關非綜合計算結構實體之披露規定。該準則之一般目標是令財務報表使用者可評估呈報實體於其他實體之權益之性質及風險及該等權益對呈報實體之財務報表之影響。

香港財務報告準則第13號－公平價值計量

香港財務報告準則第13號提供有關如何在其他準則要求或准許時計量公平價值之單一指引來源。該準則適用於按公平價值計量之金融項目及非金融項目，並引入公平價值計量等級。此計量等級中三個層級之定義一般與香港財務報告準則第7號「金融工具：披露」一致。香港財務報告準則第13號將公平價值界定為在市場參與者於計量日期進行之有序交易中出售資產所收取或轉讓負債所支付之價格（即平倉價）。該準則撤銷以買入價及賣出價釐定於交投活躍市場掛牌之金融資產及負債之規定，而應採用買賣差價中在該等情況下最能代表公平價值之價格。該準則亦載有詳細之披露規定，讓財務報表使用者可評估計量公平價值所採用之方法及輸入數據以及公平價值計量對財務報表之影響。香港財務報告準則第13號可提早採用，現按未來適用基準應用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 except for certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods. Financial instruments are measured at fair values as explained in the accounting policies set out below.

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 date of acquisition or up to the 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. Unrealised losses are also eliminated unless the transactions provide evidence of impairment on the asset transferred in which case the loss recognised in profit or loss.

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，惟若干金融工具除外。歷史成本一般根據貨品交換所指的代價之公平值計算。會計政策所闡釋之按公平價值計量之財務工具載列如下。

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，由收購日期起或直至出售日期止（如適用）於綜合全面收益表中列賬。

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。未變現虧損亦予以對銷，除非有證據顯示所轉移之資產出現減值，則有關虧損會於損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

5. 主要會計政策 (續)

附屬公司

附屬公司乃指本公司可行使控制權之公司。控制權乃指本公司直接或間接擁有權力管理一家實體之財務及經營之決策，以於其業務中獲取利益。於評估控制權時，會計及當前可行使之潛在投票權。

於本公司財務狀況表內，於附屬公司之投資按成本減減值虧損（如有）列賬。附屬公司之業績由本公司按已收及應收股息入賬。

商譽

商譽初始按成本確認，而商譽即所轉移代價與就非控制性權益確認之金額總額超出所收購可識別資產、負債及或然負債之公平價值之部分。

倘可識別資產、負債及或然負債之公平價值高於所付代價之公平價值，則超出部分於重估後確認為收購日之損益。

商譽乃按成本減減值虧損計量。就減值測試而言，收購產生之商譽分配予預期會受惠於收購協同效益之各相關現金產生單位。獲分配商譽之現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值測試。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

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.

5. 主要會計政策 (續)

商譽 (續)

就於某個財政年度之收購所產生之商譽而言，獲分配商譽之現金產生單位於該財政年度完結前進行減值測試。倘現金產生單位之可收回金額少於該單位之賬面值，則減值虧損先分配至該單位之任何商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽之任何減值虧損乃於損益內確認且於其後期間不予撥回。

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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

5. 主要會計政策 (續)

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。

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。所收取的租賃優惠會作為總租金開支的不可分割的一部分在租賃年期確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 necessary to make the sale.

5. 主要會計政策 (續)

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始按該等資產於收購日期之公平值確認(被視為其成本)。

於初始確認後,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。

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出售所需之所有估計成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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始按公平值計量。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始確認時,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 2012 截至二零一二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。實際利率乃於初始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）按金融資產的預期年期或（倘合適）較短期間準確折現至賬面淨值之利率。

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）採用實際利率法按攤銷成本列賬，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 2012 截至二零一二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至損益（見下文金融資產減值虧損之會計政策）。

就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，於初始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 2012 截至二零一二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始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（例如貿易應收款項）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 2012 截至二零一二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（不包括貿易應收款項）的減值虧損會直接於金融資產的賬面值中作出扣減，惟貿易應收款項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。當貿易應收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，先前於其他全面收益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 2012 截至二零一二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 2012 截至二零一二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, 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。實際利率乃於初始確認時將估計日後現金付款（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）透過金融負債的預期年期或（倘合適）較短期間準確折現至賬面淨值之利率。

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，於初始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至其各自之項目。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。

於初始確認時，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 2012 截至二零一二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 2012 截至二零一二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") 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」）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 2012 截至二零一二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. Nonmonetary 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 2012 截至二零一二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。產生的匯兌差額（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 2012 截至二零一二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收益表所報的溢利，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始確認（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 2012 截至二零一二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 2012 截至二零一二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 2012 截至二零一二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 JUDGMENTS 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 judgments, 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 2012 截至二零一二年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGMENTS 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 and has been 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 from 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要影響之重要判斷，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，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 2012 截至二零一二年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGMENTS 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 2013. 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 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二零一三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。

二零一一年無形資產之估計減值

本集團測試當有任何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 2012 截至二零一二年十二月三十一日止年度

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Key sources of estimation uncertainty

(continued)

Estimated 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 2011 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 in the preceding 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)

二零一一年無形資產之估計減值 (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，截至二零一一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集團而於二零一一年一月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 2012 截至二零一二年十二月三十一日止年度

7. REVENUE

Revenue from continuing operations represents the net invoiced value of 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 continuing 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之發票淨額。

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 2012 截至二零一二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 2012

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：

截至二零一二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 合計
		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
Revenue – External sales	收益 – 外部銷售	10,078	–	10,078
Segment profit	分部利潤	104	–	104
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	(8,460)	–	(8,460)
Other income	其他收入	298	–	298
Finance costs	融資成本	(32,606)	–	(32,606)
Loss before taxation	除稅前虧損	(40,664)	–	(40,664)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 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)

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)

截至二零一一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	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)

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。這為呈報至主要經營決策者之措施,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 2012 截至二零一二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：

		2012 二零一二年 Continuing operations 持續經營業務	2011 二零一一年 Continuing operations 持續經營業務
		Conductive silicon rubber keypads and segment total 導電硅橡膠按鍵 及分部合計 HK\$'000 千港元	Conductive silicon rubber keypads and segment total 導電硅橡膠按鍵 及分部合計 HK\$'000 千港元
Assets	資產		
Segment assets	分部資產	622	1,864
Bank balances and cash	銀行結餘及現金	9,917	19,293
Other unallocated assets	其他未分配資產	7,699	5,710
Consolidated assets	綜合資產	18,238	26,867
Liabilities	負債		
Segment liabilities	分部負債	115	1,900
Unallocated liabilities	未分配負債	358,773	331,824
Consolidated liabilities	綜合負債	358,888	333,724

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

No analyses for the Group's assets and liabilities attributable to discontinued operations as at 31 December 2012 and 2011 have been presented since all of such operations have been deconsolidated/impaird. As at 31 December 2011, 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二零一二年及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。於二零一一年十二月三十一日，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 2012 截至二零一二年十二月三十一日止年度

8. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2012

8. 分部資料 (續)

其他分部資料

截至二零一二年十二月三十一日止年度

		Continuing operations		Discontinued operations		Consolidated
		Conductive silicon rubber keypads and segment total	Unallocated	LCoS television and segment total	LCoS television and segment total	
		導電硅橡膠按鍵及分部合計	未分配	LCoS電視及分部合計	LCoS電視及分部合計	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：					
Reversal of impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損撥回	79	-	-	-	79
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:	定期提供予主要經營決策者但在計量分部損益或分部資產時並無計及之款項：					
Additions to non-current assets	添置非流動資產	-	12	-	-	12
Depreciation of equipment	設備之折舊	-	7	-	-	7
Finance costs	融資成本	-	32,606	-	-	32,606

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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

		Continuing operations		Discontinued operations	Consolidated
		Unallocated		終止經營業務	
		Conductive silicon rubber keypads and segment total	Unallocated	LCoS television and segment total	
		導電硅橡膠按鍵及分部合計	未分配	LCoS 電視及分部合計	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		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:	定期提供予主要經營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)
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
Additions to non-current assets	添置非流動資產	-	10	-	10
Depreciation of equipment	設備之折舊	-	6	-	6
Finance costs	融資成本	-	40,266	-	40,266

8. 分部資料 (續)

其他分部資料 (續)

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 2012 截至二零一二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	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Customer A	客戶A	-	1,547
Customer B	客戶B	-	927
Customer C	客戶C	-	680
Customer D	客戶D	4,567	-
Customer E	客戶E	4,265	-
		8,832	3,154

The Group derived no revenue from Customers A, B, and C during the year ended 31 December 2012 and from D and E for the year ended 31 December 2011.

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：

截至二零一二年十二月三十一日止年度，本集團並無產生來源於客戶A、B及C之收益及截至二零一一年十二月三十一日止年度，本集團並無產生來源於客戶D及E之收益。

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 2012 截至二零一二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.

The following table provides an analysis of revenue from external customers derived from Hong Kong, which is the country of domicile of the Group for the purpose of HKFRS 8, and from a foreign country (i.e. non-Hong Kong), 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。

下表提供來自香港(就香港財務報告準則第8號而言為本集團所在地)及來自外國(即香港以外之國家)之外部客戶收入之分析(不論貨品原產地)及按資產所在地區劃分之有關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	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Sales of conductive silicon rubber keypads	銷售導電硅橡膠按鍵 keypads		
Hong Kong	香港	10,078	2,438
PRC (excluding Hong Kong)	中國(不包括香港)	-	2,587
		10,078	5,025
		Non-current assets 非流動資產	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Hong Kong (note)	香港(附註)	21	16

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 2012 截至二零一二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	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Effective interests on borrowings wholly repayable within five years:	須於五年內悉數償還之借貸之實際利息：		
Convertible bonds	可換股債券	32,142	28,194
Promissory notes	承兌票據	464	12,072
		32,606	40,266

10. INCOME TAX CREDIT

10. 所得稅抵免

		Continuing operations and consolidated 持續經營業務及綜合	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Deferred tax credit – current year (Note 27)	遞延稅項抵免 – 本年度(附註27)	5,379	6,644

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.

香港所得稅乃以各年度之估計應課稅溢利之16.5%計算。由於本集團於各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，中國附屬公司於各年度之稅率為25%。由於所有中國附屬公司於各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 2012 截至二零一二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 per the consolidated statement of comprehensive income as follows:

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Loss before taxation:	除稅前虧損：		
Continuing operations	持續經營業務	(40,664)	(47,067)
Discontinued operations	終止經營業務	-	(35,000)
		(40,664)	(82,067)
Tax at domestic tax rate of 16.5% (2011: 16.5%)	按當地稅率16.5% (二零一一年：16.5%) 計算之稅項	(6,709)	(13,541)
Tax effect of expenses not deductible for tax purposes	不可扣稅支出之稅務影響	572	9,511
Tax effect of income not taxable for tax purposes	毋須繳稅收入之稅務影響	(49)	(2,475)
Effect of tax loss not recognised	未確認之稅項虧損影響	825	-
Utilisation of tax losses previously not recognised	動用之前尚未確認之稅項虧損	(18)	(139)
Tax credit for the year	年度稅項抵免	(5,379)	(6,644)

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

實質上使用根據本集團經營活動所在司法權區之當地稅率。

11. DISCONTINUED OPERATIONS

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

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 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
		-	(35,000)

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

以上金額詳情載於附註3。

10. 所得稅抵免 (續)

於本年度內，所得稅抵免與綜合全面收益表內虧損對賬如下：

11. 終止經營業務

來自于LCoS電視業務之終止經營業務虧損包括：

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

12. LOSS FOR THE YEAR

12. 本年度虧損

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Loss for the year has been arrived at after charging/(crediting):	本年度虧損經扣除／(計入)下列項目後達致：		
Directors' remuneration (Note 13)	董事酬金(附註13)	1,044	959
Other staff costs	其他員工成本		
– Salaries and other benefits	– 薪金及其他福利	914	833
– Retirement benefits scheme contribution	– 退休福利計劃供款	40	34
		954	867
Total staff costs	員工成本總額	1,998	1,826
Auditors' remuneration	核數師酬金	750	880
Depreciation of equipment	設備折舊	7	6
Cost of inventories recognised as expense	確認為開支之存貨成本	10,037	6,232
Management fee (included in administrative expenses, note)	管理費用(計入行政開支, 附註)	883	819
Loss on disposal of equipment (included in other gains and losses)	出售設備虧損(計入其他收益及虧損)	–	5
Reversal of impairment loss recognised in respect of trade receivables (included in other gains and losses), net	就貿易應收款項確認之減值虧損撥回(計入其他收益及虧損), 淨額	(79)	(2,516)

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 for an office premise, including in which an amount of HK\$696,000 (2011: HK\$480,000) representing the share of the rental expenses for the year 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696,000港元(二零一一年: 480,000港元)之款項為分佔本年度經營租約項下之本年度租金開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二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 nine (2011: eight) directors were as follow:

(a) Directors' remuneration

For the year ended 31 December 2012

Name of directors	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		-	325	14	339
Mr. Wong King Lam, Joseph	黃景霖先生	(a)	-	136	6	142
			-	461	20	481
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		115	-	-	115
Mr. Law Chun Choi	羅進財先生	(b), (d)	69	-	-	69
Mr. Mak Ka Wing, Patrick	麥家榮先生	(d)	105	-	-	105
Mr. Shum Kai Wing	岑啟榮先生	(c)	34	-	-	34
			323	-	-	323
Total emoluments	薪酬總額		563	461	20	1,044

13. 董事薪酬及最高薪僱員

已付或應付予九位(二零一一年: 八位)董事每位的酬金如下:

(a) 董事薪酬

截至二零一二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 2012 截至二零一二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 2011

Name of directors	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 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	(b), (d)	100	-	-	100
Mr. Mak Ka Wing, Patrick	麥家榮先生	(d)	95	-	-	95
			305	-	-	305
Total emoluments	薪酬總額		945	-	14	959

13. 董事薪酬及最高薪僱員 (續)

(a) 董事薪酬 (續)

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 2012 截至二零一二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. Wong King Lam, Joseph not re-elected as a director of the Company on 1 June 2012.
- (b) Mr. Law Chun Choi resigned on 25 September 2012.
- (c) Mr. Shum Kai Wing was appointed on 20 September 2012.
- (d) Mr. Law Chun Choi and Mr. Mak Ka Wing, Patrick were appointed on 22 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 (2011: two) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2011: three) individuals were as follows:

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	914	833
Retirement benefits	退休福利	40	34
		954	867

The emoluments of each of the three (2011: three) highest paid employee were within the band of nil to HK\$1,000,000 during each of the two years ended 31 December 2012 and 2011.

13. 董事薪酬及最高薪僱員 (續)

(a) 董事薪酬 (續)

附註：

- (a) 黃景霖先生於二零一二年六月一日並未重選為本公司董事。
- (b) 羅進財先生於二零一二年九月二十五日辭任。
- (c) 岑啟榮先生於二零一二年九月二十日獲委任。
- (d) 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。

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（二零一一年：兩位）為本公司董事，彼等之酬金披露於上文。餘下三位（二零一一年：三位）人士之酬金如下：

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	914	833
Retirement benefits	退休福利	40	34
		954	867

截至二零一二年及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（二零一一年：三位）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 2012 截至二零一二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 2012 and 2011. The directors do not recommend the payment of a final dividend for 2012 (2011: nil).

14. 股息

截至二零一二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。董事並不建議派付二零一二年之末期股息（二零一一年：無）。

15. LOSS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic and diluted loss 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

(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乃按下列數據計算：

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Loss	虧損		
Loss for the purpose of basic loss per share	就計算每股基本虧損之虧損	(35,285)	(75,423)
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)	26,839	23,542
Loss for the purpose of diluted loss per share	就計算每股攤薄虧損之虧損	(8,446)	(51,881)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

15. LOSS PER SHARE (continued)

(a) For continuing and discontinued operations (continued)

	2012 二零一二年 '000 千股	2011 二零一一年 '000 千股
Number of ordinary shares for the purpose of basic and diluted loss per share	702,356	702,356

The computation of diluted loss 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 years ended 31 December 2012 and 2011.

(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:

	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Loss		
Loss for the purpose of basic loss per share	(35,285)	(40,423)
Effects of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	26,839	23,542
Loss for the purpose of diluted loss per share	(8,446)	(16,881)

15. 每股虧損 (續)

(a) 就持續經營業務及終止經營業務而言 (續)

由於本公司尚未行使可換股債券獲行使後會導致截至二零一二年及二零一一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 2012 截至二零一二年十二月三十一日止年度

15. LOSS PER SHARE (continued)

(b) From continuing operations (continued)

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

(c) From discontinued operations

Basic and diluted loss per share from the discontinued operations is Nil HK cents (2011: 4.98 HK cents) per share, based on loss for the year from the discontinued operations attributable to the owners of the Company of HK\$Nil (2011: HK\$35,000,000) and the denominators detailed above for basic and diluted loss per share for continuing and discontinued operations.

15. 每股虧損 (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零港仙(二零一一年: 4.98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零港元(二零一一年: 35,000,000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 2012 截至二零一二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 2011	於二零一一年一月一日	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
Additions	添置	12
At 31 December 2012	於二零一二年十二月三十一日	36
DEPRECIATION	折舊	
At 1 January 2011	於二零一一年一月一日	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
Provided for the year	本年度撥備	7
At 31 December 2012	於二零一二年十二月三十一日	15
CARRYING VALUES	賬面值	
At 31 December 2012	於二零一二年十二月三十一日	21
At 31 December 2011	於二零一一年十二月三十一日	16

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 2012 截至二零一二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 2011	於二零一一年一月一日	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 and 31 December 2012	於二零一一年十二月三十一日及 二零一二年十二月三十一日	-

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.

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」）於收購日期（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。

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.

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。

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.

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 2012 截至二零一二年十二月三十一日止年度

17. INTANGIBLE ASSET (continued)

As set out in note 3, the carrying value brought forward to 1 January 2011 was resulted from a reversal of impairment loss based on the amount of non-refundable deposit of HK\$50,000,000 received from Good Choice in January 2011 for the proposed disposal of the Pacific Choice Group and afterwards an impairment loss of the same amount was recognised in profit or loss for the year ended 31 December 2011 because the Group and Good Choice reached a cancellation agreement on such proposed deal on 24 August 2011. As a result, the carrying values of the intangible asset as at 31 December 2011 and 2012 were both zero.

Nevertheless, the Group negotiated with TMDC and a settlement arrangement was reached through a series of agreements on 27 July 2012 regarding, among the others, the return of the intangible asset to TMDC. The transactions as contemplated in those agreements were completed subsequent to the year end on 28 February 2013 and 5 March 2013. Upon the completion of these transactions, the Group did not own the intangible asset and derecognised such accordingly.

18. GOODWILL

CARRYING AMOUNT

At 1 January 2011 and
31 December 2011 and 2012

賬面值

於二零一一年一月一日及二零一一年及
二零一二年十二月三十一日

HK\$'000
千港元

—

17. 無形資產 (續)

誠如附註3所載，結轉至二零一一年一月一日之賬面值乃基於二零一一年一月就建議出售Pacific Choice集團自Good Choice收取50,000,000港元不予退還按金之減值虧損撥回所產生及其後由於本集團與Good Choice就有關建議交易而於二零一一年八月二十四日達成註銷協議而於截至二零一一年十二月三十一日止年度於損益確認同一款項之減值虧損。因此，無形資產於二零一一年及二零一二年十二月三十一日之賬面值為零。

然而，本集團與TMDC協商並透過於二零一二年七月二十七日的一系列協議達成償還安排，其中包括向TMDC退還無形資產。該等協議項下擬進行之交易於年結日後於二零一三年二月二十八日及二零一三年三月五日完成。於完成該等交易後，本集團不再擁有無形資產並終止確認相應之無形資產。

18. 商譽

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

18. GOODWILL (continued)

The entire balance of goodwill of the Group arose from the 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 value 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)	6,712	5,220
		6,712	5,220

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 Group from 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:

Group and Company 本集團及本公司

	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
	-	-
	6,712	5,220
	6,712	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起自本集團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) 公平值乃根據各證券於活躍市場有關相同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 2012 截至二零一二年十二月三十一日止年度

20. INVENTORIES

20. 存貨

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 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 aging 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：

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
0 – 60 days	0至60日	622	927

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。

There are no trade receivables which are past due as at 31 December 2012 and the Group does not hold any collateral over these balances. The average age of these receivables is approximately 30 days.

於二零一二年十二月三十一日，本集團並無已逾期之貿易應收款項且本集團並無就該等結存持有任何抵押品。該等應收款項平均賬齡約為30日。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

21. TRADE RECEIVABLES (continued)

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

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	192	2,875
Impairment loss recognised during the year	年內已確認減值虧損	-	321
Amounts written off as uncollectible	不可收回而撇銷之金額	(113)	(167)
Reversal of impairment losses	減值虧損撥回	(79)	(2,837)
Balance at 31 December	於十二月三十一日之結存	-	192

The entire balance of the above allowance for doubtful debts as at 31 December 2012 and 2011 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\$79,000 (2011: 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)

貿易應收款項之已確認減值虧損撥備變動如下：

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Balance at 1 January	於一月一日之結存	192	2,875
Impairment loss recognised during the year	年內已確認減值虧損	-	321
Amounts written off as uncollectible	不可收回而撇銷之金額	(113)	(167)
Reversal of impairment losses	減值虧損撥回	(79)	(2,837)
Balance at 31 December	於十二月三十一日之結存	-	192

於二零一二年及二零一一年十二月三十一日之上述呆壞賬撥備之全部結存為個別管理層認為不可收回之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79,000港元（二零一一年：2,837,000港元）之呆壞賬撥備已撥回。

22. AMOUNT DUE FROM A SUBSIDIARY 22. 應收一間附屬公司款項

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Amount due from a subsidiary	應收一間附屬公司款項	1	-

As at 31 December 2012, accumulated impairment loss of approximately HK\$580,927,000 (2011: HK\$579,824,000) was recorded in respect of amount due from a subsidiary.

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

於二零一二年十二月三十一日，就應收一間附屬公司款項錄得累計減值虧損約580,927,000港元（二零一一年：579,824,000港元）。

應收一間附屬公司款項為無抵押、免息及按要求償還。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

23. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits with original maturity less than three months carry interest at 0.01% (2011: 0.01%) per annum. Bank balances denominated in currencies other than the functional currencies of the relevant group entities are set out below:

		Group 本集團		Company 本公司	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
USD	美元	-	2	-	-

23. 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%（二零一一年：0.01%）計息。以相關集團實體之功能貨幣以外之貨幣計值之銀行結餘載列如下：

24. AMOUNT DUE TO A SUBSIDIARY

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Amount due to a subsidiary	應付一間附屬公司款項	165,522	165,527

The amount due to a subsidiary is unsecured, interest free and repayable on demand.

24. 應付一間附屬公司款項

應付一間附屬公司款項為無抵押、免息及按要
求償還。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

25. 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.

The promissory notes matured on 14 January 2012 and neither the Group has made settlement nor the bearer has demanded repayment from the Group. As detailed in note 3(vi), the Group has initiated legal proceedings to pursue to take back the outstanding promissory notes for cancellation. Details of the legal proceedings are set out in note 3(vi). Up to the date of approval of these consolidated financial statements, the notes have not been settled or cancelled.

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

25. 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，作為收購Pacific Choice集團之全部權益之部份代價。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。

承兌票據於二零一二年一月十四日到期，本集團並未作出支付且承兌票據持票人亦無要求本集團償還。誠如附註3(vi)所詳述，本集團已開始法律行動以尋求收回承兌票據以註銷。法律行動之詳情載於附註3(vi)。直至該等綜合財務報表獲批准日期，票據尚未支付或註銷。

承兌票據之賬面值變動如下：

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
At 1 January	於一月一日	87,036	74,964
Interest charge for the year (Note 9)	本年度扣除之利息(附註9)	464	12,072
At 31 December	於十二月三十一日	87,500	87,036
Analysed for reporting purposes as:	就報告用途分析如下：		
Current liabilities	流動負債	87,500	87,036

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

26. 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 the 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 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:

26. 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）轉換為繳足普通股。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：

		Group and Company 本集團及本公司	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
At 1 January	於一月一日	229,583	201,389
Interest charge for the year (Note 9)	本年度扣除之利息(附註9)	32,142	28,194
At 31 December	於十二月三十一日	261,725	229,583

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

27. DEFERRED TAX LIABILITIES

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

27. 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：

		Group 本集團		
		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 2011	於二零一一年一月一日	2,068	16,271	18,339
Credited to profit or loss	計入損益			
– Release upon amortisation of promissory notes and convertible bonds under the 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
Credited to profit or loss	計入損益			
– Release upon amortisation of promissory notes and convertible bonds under the 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	(76)	(5,303)	(5,379)
At 31 December 2012	於二零一二年十二月三十一日	–	6,316	6,316

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

27. DEFERRED TAX LIABILITIES (continued) 27. 遞延稅項負債 (續)

		Company 本公司 Convertible Bonds 可換股債券 HK\$'000 千港元
At 1 January 2011	於二零一一年一月一日	16,271
Credited to profit or loss	計入損益	
– Release upon amortisation of convertible bonds under the effective interest method	– 就根據實際利率法攤銷可換股債券後撥回	(4,653)
At 31 December 2011	於二零一一年十二月三十一日	11,618
Credited to profit or loss	計入損益	
– Release upon amortisation of convertible bonds under the effective interest method	– 就根據實際利率法攤銷可換股債券後撥回	(5,302)
At 31 December 2012	於二零一二年十二月三十一日	6,316

As at 31 December 2012, the Group has, subject to the consent of the tax authority, unused tax losses of approximately HK\$18,188,000 (2011: HK\$8,455,000) 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.

於二零一二年十二月三十一日，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18,188,000港元（二零一一年：8,455,000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 2012 截至二零一二年十二月三十一日止年度

28. SHARE CAPITAL

28. 股本

		Number of shares 股份數目 '000 千股	Nominal value 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 2011, 31 December 2011 and 2012	於二零一一年一月一日、 二零一一年及二零一二年 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 2011, 31 December 2011 and 2012	於二零一一年一月一日、 二零一一年及二零一二年 十二月三十一日	702,356	70,236

29. SHARE OPTION SCHEME

29. 認購股權計劃

The Company's share option scheme (the "2002 Share Option 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 2002 Share Option 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 2002 Share Option Scheme was lapsed on 28 May 2012.

At the annual general meeting of the Company on 1 June 2012, an ordinary resolution to propose a new share option scheme (the "2012 Share Option Scheme") has been passed. The 2012 Share Option Scheme was thus approved and adopted at the general meeting and subsequently approval has been granted by the Stock Exchange. The 2012 Share Option Scheme is valid and effective for 10 years commencing from the adoption date (i.e. 1 June 2012). The number of shares, which may be issued upon exercise of all outstanding options granted under the 2012 Share Option 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 2012 Share Option 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 (i) 0.1% of the shares of the Company in issue, and (ii) HK\$5,000,000 in aggregate value based on the closing price of the shares at the date of each grant, at any 12-month period unless such grant is approved by independent shareholders at general meeting.

本公司於二零零二年五月二十九日採納其認購股權計劃（「二零零二年認購股權計劃」），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。二零零二年認購股權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。二零零二年認購股權計劃已於二零一二年五月二十八日失效。

在本公司於二零一二年六月一日舉行之股東週年大會上，建議一項新認購股權計劃（「二零一二年認購股權計劃」）之普通決議案已獲通過。二零一二年認購股權計劃因此於股東大會上獲批准及採納，且隨後由聯交所授出批准。二零一二年認購股權計劃乃由採納日期（即二零一二年六月一日）起計十年內有效。行使根據二零一二年認購股權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%。根據二零一二年認購股權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(i)本公司已發行股份之0.1%及(ii)根據於各授出日期股份之收市價計算之總價值之5,000,000港元，除非有關授出獲獨立股東於股東大會上批准則另作別論。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

29. 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.

Since the adoption of the above schemes, no share options have been granted under the 2002 Share Option Scheme up to 28 May 2012 and the 2012 Share Option Scheme up to 31 December 2012.

30. RETIREMENT BENEFITS SCHEMES

The Group participates in 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.

The retirement benefits scheme contributions charged to profit or loss represent contributions payable to the MPF Scheme by the Group at specified rates.

During the year, the retirement benefits scheme contributions are approximately HK\$60,000 (2011: HK\$48,000).

29. 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之較高者。

自採納以上計劃以來，概無根據二零零二年認購股權計劃(截至二零一二年五月二十八日)及二零一二年認購股權計劃(截至二零一二年十二月三十一日)授出任何認購股權。

30. 退休福利計劃

本集團參與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。

於損益扣除之退休福利計劃供款乃本集團按指定之供款率向強積金計劃支付之供款。

於年內，退休福利計劃之供款約為60,000港元(二零一一年：48,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

31. 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.

The Group has no capital commitment as at 31 December 2012.

31. 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。

於二零一二年十二月三十一日，本集團並無任何資本承擔。

32. INVESTMENTS IN SUBSIDIARIES

32. 於附屬公司之投資

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	77	77

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

32. INVESTMENTS IN SUBSIDIARIES

(continued)

Particulars of the Company's subsidiaries as at 31 December 2012 and 2011 are as follows:

32. 於附屬公司之投資 (續)

於二零一二年及二零一一年十二月三十一日，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		
			% 2012	% 2011	% 2012	% 2011	
			二零一二年	二零一一年	二零一二年	二零一一年	
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	-	-	Inactive 暫無業務

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

32. INVESTMENTS IN SUBSIDIARIES

(continued)

32. 於附屬公司之投資 (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		
			% 2012 二零一二年	% 2011 二零一一年	% 2012 二零一二年	% 2011 二零一一年	
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
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

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

33. RESERVES

33. 儲備

		Group 本集團						
		Share premium	Capital redemption reserve	Special reserve	Investment revaluation reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價 HK\$'000 千港元	資本贖回儲備 HK\$'000 千港元	特別儲備 HK\$'000 千港元	投資重估儲備 HK\$'000 千港元	可換股 債券儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	合計 HK\$'000 千港元
At 1 January 2011	於二零一一年一月一日	102,675	1,564	(123)	-	120,398	(526,170)	(301,656)
Loss for the year	本年度虧損	-	-	-	-	-	(75,423)	(75,423)
Decrease in fair value of available-for-sale investments	可供出售投資公平值減少	-	-	-	(14)	-	-	(14)
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	(14)	-	(75,423)	(75,437)
At 31 December 2011	於二零一一年十二月三十一日	102,675	1,564	(123)	(14)	120,398	(601,593)	(377,093)
Loss for the year	本年度虧損	-	-	-	-	-	(35,285)	(35,285)
Increase in fair value of available-for-sale investments	可供出售投資公平值增加	-	-	-	1,492	-	-	1,492
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	1,492	-	(35,285)	(33,793)
At 31 December 2012	於二零一二年十二月三十一日	102,675	1,564	(123)	1,478	120,398	(636,878)	(410,886)

		Company 本公司						
		Share premium	Capital redemption reserve	Contribution surplus	Investment revaluation reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價 HK\$'000 千港元	資本贖回儲備 HK\$'000 千港元	出資盈餘 HK\$'000 千港元	投資重估儲備 HK\$'000 千港元	可換股債券儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	合計 HK\$'000 千港元
At 1 January 2011	於二零一一年一月一日	102,675	1,564	68,510	-	120,398	(735,553)	(442,406)
Loss for the year	本年度虧損	-	-	-	-	-	(15,969)	(15,969)
Decrease in fair value of available-for-sale investments	可供出售投資公平值減少	-	-	-	(14)	-	-	(14)
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	(14)	-	(15,969)	(15,983)
At 31 December 2011	於二零一一年十二月三十一日	102,675	1,564	68,510	(14)	120,398	(751,522)	(458,389)
Loss for the year	本年度虧損	-	-	-	-	-	(35,118)	(35,118)
Increase in fair value of available-for-sale investments	可供出售投資公平值增加	-	-	-	1,492	-	-	1,492
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	-	1,492	-	(35,118)	(33,626)
At 31 December 2012	於二零一二年十二月三十一日	102,675	1,564	68,510	1,478	120,398	(786,640)	(492,015)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

34. RELATED PARTY DISCLOSURES

During the year and at the end of the reporting period, the Group had the following transactions and balance respectively with related parties. These transactions do not constitute either connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

(i) Particulars of amount due to a related party

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
A shareholder, who has significant influence, of the Company, included in non-current liabilities (Note)	本公司一位具有重大影響力的股東，計入非流動負債（附註）	1,653	1,653

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

The remuneration of the key management of the Group during the year was as follows:

		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Short-term benefits	短期福利	1,284	1,185
Retirement benefits scheme contributions	退休福利計劃供款	32	25
		1,316	1,210

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。

34. 關連人士披露

年內及於報告期末，本集團與關連人士分別擁有下列交易及結餘。該等交易並不構成上市規則第14A章所界定之關連交易或持續關連交易。

(i) 應付一名關連人士之款項詳情

	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
A shareholder, who has significant influence, of the Company, included in non-current liabilities (Note)	1,653	1,653

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) 主要管理人員薪酬

年內本集團主要管理人員薪酬如下：

	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Short-term benefits	1,284	1,185
Retirement benefits scheme contributions	32	25
	1,316	1,210

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 2012 截至二零一二年十二月三十一日止年度

35. 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.

As set out in note 2, 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 2013, and, the bank balances and cash position of approximately HK\$9,917,000 as at 31 December 2012, the Group has sufficient resources to continue its operations for the foreseeable future. In addition, the directors have proposed two measures to improve the Group's liquidity and financial position which included to sell the Pacific Choice Group back to the vendors in the Acquisition Agreement (as defined in note 3) and cancellation of the promissory notes and convertible bonds. The Company has engaged legal counsel for the negotiations with the vendors to cancel the promissory notes with maturity was extended to January 2012 without further extension granted during the year. And the Group has continued to explore opportunities for investments in companies or projects for long-term development. In the opinion of the directors of the Company, on the successful basis of implementation of these measures, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

35. 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。

誠如附註2所載，由於本公司董事於計及截至二零一三年十二月三十一日止年度之現金流量預測及於二零一二年十二月三十一日之銀行結餘及現金狀況約9,917,000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。此外，董事建議兩項措施以改善本集團之流動資金及財務狀況，其包括售回Pacific Choice集團予收購協議（定義見附註3）賣方及註銷承兌票據及可換股債券。本公司已就與賣方磋商事宜委聘律師以註銷到期日延長至二零一二年一月且於年內並無授出進一步延長之承兌票據。本集團繼續物色公司或項目之投資機遇以作長期發展。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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

35. CAPITAL RISK MANAGEMENT

(continued)

The capital structure of the Group consists of debt and equity attributable to owners of the Company. This includes the promissory notes amounting to approximately HK\$87,500,000 (2011: HK\$87,036,000), convertible bonds amounting to approximately HK\$261,725,000 (2011: HK\$229,583,000) and amount due to a shareholder amounting to approximately HK\$1,653,000 (2011: HK\$1,653,000) disclosed in notes 25, 26 and 34 respectively, and equity attributable to owners of the Company, comprising issued share capital amounting to approximately HK\$70,236,000 (2011: HK\$70,236,000) and various reserves less accumulated losses amounting to approximately HK\$410,886,000 (2011: HK\$377,093,000), totalling HK\$10,228,000 (2011: HK\$11,415,000).

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 buybacks, as well as the issue of new debt or the redemption of existing debt.

35. 資本風險管理 (續)

本集團之資本架構包括債務及本公司擁有人應佔權益。此包括分別於附註25、26及34披露之約為87,500,000港元(二零一一年: 87,036,000港元)之承兌票據、約為261,725,000港元(二零一一年: 229,583,000港元)之可換股債券及約為1,653,000港元(二零一一年: 1,653,000港元)之應付一名股東款項以及本公司擁有人應佔權益(包括約為70,236,000港元(二零一一年: 70,236,000港元)之已發行股本及約為410,886,000港元(二零一一年: 377,093,000港元)之各項儲備減累計虧損), 總額為10,228,000港元(二零一一年: 11,415,000港元)。

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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS

36. 金融工具

(a) Categories of financial instruments

(a) 金融工具類別

		Group 本集團		Company 本公司	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
Financial assets	金融資產				
Available-for-sale investments	可供出售投資	6,712	5,220	6,712	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)	10,539	20,220	5,607	14,547
Financial liabilities	金融負債				
At amortised cost	以攤銷成本計算	352,572	320,287	428,826	396,853

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade receivables, bank balances and cash, 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.

(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、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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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:

		Group 本集團		Company 本公司	
		2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元
USD	美元	-	2	-	-

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.

36. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

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：

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 2012 截至二零一二年十二月三十一日止年度

36. 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 2012 would increase/decrease by HK\$671,000 (2011: HK\$522,000) as a result of the changes in fair value of the listed equity available-for-sale investments held by the Group.

36. 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%，則本集團於二零一二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671,000港元(二零一一年：522,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

In order to minimise the credit risk arising from the financial assets held by the Group, 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 100% (2011: 31%) and approximately 100% (2011: 78%) 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 (2011: Hong Kong), which accounted for 100% (2011: 100%) 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.

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.

36. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險

為減低本集團持有之金融資產所產生之信貸風險，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100%（二零一一年：31%）及約100%（二零一一年：78%），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（二零一一年：香港），佔在上述司法權區於報告期末貿易應收款項總額之100%（二零一一年：100%）。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。

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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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 2012 was approximately HK\$340,650,000 (2011: HK\$306,857,000). 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.

36. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

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。本集團於二零一二年十二月三十一日之負債淨額約為340,650,000港元(二零一一年:306,857,000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 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (continued)

36. 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 and interest risk table

流動資金及利息風險表

		Group 本集團				
		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
		%				
2012	二零一二年					
Non-derivative financial liabilities	非衍生金融負債					
Other payables	其他應付款項	-	1,694	-	1,694	1,694
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	261,725
Promissory notes	承兌票據	16	87,500	-	87,500	87,500
			89,194	301,653	390,847	352,572
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

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (continued)

36. 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 and interest risk table (continued)

流動資金及利息風險表 (續)

		Company 本公司				
		Weighted average effective interest rate	Less than 1 month	Over 1 Year	Total undiscounted cash flows	Carrying amount at 31 December 於 十二月三十一日 賬面值
		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	十二月三十一日 賬面值 HK\$'000 千港元
		%				
2012	二零一二年					
Non-derivative financial liabilities	非衍生金融負債					
Other payables	其他應付款項	-	1,579	-	1,579	1,579
Amount due to a subsidiary	應付一間附屬公司款項	-	165,522	-	165,522	165,522
Convertible bonds – liability component (Note)	可換股債券-負債部份 (附註)	14	-	300,000	300,000	261,725
			167,101	300,000	467,101	428,826
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	-	1,743	-	1,743	1,743
Amount due to a subsidiary	應付一間附屬公司款項	-	165,527	-	165,527	165,527
Convertible bonds – liability component (Note)	可換股債券-負債部份 (附註)	14	-	300,000	300,000	229,583
			167,270	300,000	467,270	396,853

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 2012 截至二零一二年十二月三十一日止年度

36. 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:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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
- (c) 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\$6,712,000 (2011: HK\$5,220,000) as set out in note 19, is based on Level 1 measurement.

36. 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：

- (a) 同類資產或負債活躍市場之報價（未經調整）（第一級）；
- (b) 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
- (c) 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）。

於初始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6,712,000港元（二零一一年：5,220,000港元）（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 2012 截至二零一二年十二月三十一日止年度

37. SUBSEQUENT EVENTS

As set out in notes 3 and 17, the Group entered into a series of agreements with TMDC to:

- i) return the intangible asset representing the patents for the production of LCoS television;
- ii) cause TMDC to tender back the part of Tranche 1 Bonds issued to it with a principal amounting of HK\$187,200,000 to the Group for cancellation; and
- iii) transfer the entire issued share capital of Precise Media Ltd., to TMDC.

On 28 February 2013 and 5 March 2013, the above transactions have been completed and as such the intangible asset (note 17), convertible bonds (note 26) with a principal amount of HK\$187,200,000 and interest in Precise Media Ltd. (note 32), have been derecognised.

37. 結算日後事項

誠如附註3及17所載，本集團與TMDC訂立一系列協議以：

- i) 歸還以生產LCoS電視專利之無形資產；
- ii) 促使TMDC向本集團交回向其發行之本金額為187,200,000港元之第一批債券以供註銷；及
- iii) 向TMDC轉讓Precise Media Ltd.之全部已發行股本。

於二零一三年二月二十八日及二零一三年三月五日，上述交易已完成，而有關無形資產（附註17）、本金額為187,200,000港元之可換股債券（附註26）及於Precise Media Ltd.之權益（附註32）已被終止確認。

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

		2008	2009	2010	2011	2012
		二零零八年	二零零九年	二零一零年	二零一一年	二零一二年
		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)	645,083	134,272	26,524	5,025	10,078
Profit (loss) before taxation	除稅前溢利 (虧損)	(163,299)	(587,100)	20,380	(82,067)	(40,664)
Income tax (expense) credit	所得稅 (開支) 抵免	(6,429)	1,430	4,049	6,644	5,379
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)	(169,728)	(585,670)	24,429	(75,423)	(35,285)

ASSETS AND LIABILITIES

資產及負債

As at 31 December

於十二月三十一日

		2008	2009	2010	2011	2012
		二零零八年	二零零九年	二零一零年	二零一一年	二零一二年
		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	515,897	41,042	72,217	26,867	18,238
Total liabilities	總負債	(262,627)	(296,891)	(303,637)	(333,724)	(358,888)
		253,270	(255,849)	(231,420)	(306,857)	(340,650)
Equity attributable to owners of the Company	本公司擁有人應佔權益	253,270	(255,849)	(231,420)	(306,857)	(340,650)

