



HENGXIN
恒芯中國

Heng Xin China Holdings Limited 恒芯中國控股有限公司*

(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 : 8046)

HX

2010/2011

Third Quarterly Report
第三季業績報告

* For identification purpose only 僅供識別

IMPORTANT NOTICE

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Heng Xin China Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Heng Xin China Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

重要事項

香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）之特色

創業板的定位乃為相比起其他在聯交所上市之公司帶有較高投資風險之公司提供一個上市之市場。有意投資之人士應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富之投資者。

由於創業板上市公司新興之性質使然，在創業板買賣之證券可能會較於聯交所主板買賣之證券承受較大市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

香港交易及結算所有限公司及聯交所對本報告之內容概不負責，對其準確性或完整性亦無發表聲明，且明確表示不會就本報告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照聯交所創業板證券上市規則（「創業板上市規則」）之規定提供有關本公司之資料。恒芯中國控股有限公司各董事（「董事」）對本報告所載資料願共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所深知及確信，本報告所載資料在各主要方面均為準確及完整，且無誤導或欺詐成份，以及本報告並無遺漏其他事項致使本文件或本報告所載內容有所誤導。

RESULTS

The board of Directors (the “Board”) of Heng Xin China Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 March 2011 together with the comparative unaudited figures for the corresponding periods in 2010.

業績

恒芯中國控股有限公司(「本公司»)董事會(「董事會»)欣然公佈本公司及其附屬公司(統稱「本集團»)截至二零一一年三月三十一日止三個月及九個月之未經審核綜合業績，連同二零一零年同期之未經審核比較數字。

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月		
		2011 二零一一年 (Unaudited) (未經審核) HK\$'000 千港元	2010 二零一零年 (Unaudited) (未經審核) HK\$'000 千港元	2011 二零一一年 (Unaudited) (未經審核) HK\$'000 千港元	2010 二零一零年 (Unaudited) (未經審核) HK\$'000 千港元	
	Note 附註					
Turnover	營業額	3	203,542	115,331	521,706	455,681
Cost of sales	銷售成本		(122,664)	(48,365)	(326,681)	(263,536)
Gross profit	毛利		80,878	66,966	195,025	192,145
Other income	其他收入	3	17,788	22	25,844	568
Selling and marketing expenses	銷售及市場推廣開支		(1,178)	(611)	(3,627)	(2,975)
Other operating expenses	其他經營費用		(17,710)	(8,009)	(38,321)	(28,688)
Profit from operations	經營溢利		79,778	58,368	178,921	161,050
Finance costs	融資成本	4	(3,766)	(3,792)	(12,628)	(7,551)
Profit before taxation	除稅前溢利	5	76,012	54,576	166,293	153,499
Taxation	稅項	6	(7,991)	(98)	(14,828)	(951)
Profit for the period	期內溢利		68,021	54,478	151,465	152,548
Other comprehensive income	其他全面收入					
Exchange differences on translating foreign operations	換算海外業務之匯兌差額		5,179	675	22,523	1,240
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收入總額		73,200	55,153	173,988	153,788
Profit attributable to:	應佔溢利：					
Equity holders of the Company	本公司股權持有人		68,021	50,043	151,465	140,813
Non-controlling interests	非控股股東權益		—	4,435	—	11,735
Profit for the period	期內溢利		68,021	54,478	151,465	152,548
Total comprehensive income attributable to:	應佔全面收入總額：					
Equity holders of the Company	本公司股權持有人		73,200	50,683	173,988	141,990
Non-controlling interests	非控股股東權益		—	4,470	—	11,798
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收入總額		73,200	55,153	173,988	153,788
Earnings per share attributable to equity holders of the Company	本公司股權持有人應佔每股盈利	7				
— basic	— 基本		2.74 cents 仙	3.26 cents 仙	7.69 cents 仙	9.39 cents 仙
— diluted	— 攤薄		2.59 cents 仙	3.26 cents 仙	6.67 cents 仙	9.38 cents 仙
Dividends	股息	8	—	—	—	—

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Companies Act 1981 of Bermuda (as amended). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is an investment holding company. The shares of the Company have been listed on the GEM of the Stock Exchange since 16 April 2003.

The principal activities of the Group are engaged in wireless digital terrestrial television network equipment integrated business, digital cable television two-way conversion business, research, design, development on and manufacturing of electronic message security products, integrated circuits, and the integrated circuit solutions and the related services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated financial statements for the nine months ended 31 March 2011 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited consolidated financial statements have been prepared on the historical cost basis except for the financial instruments, which are measured at fair value. The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2010. These unaudited consolidated financial statements should be read in conjunction with the Company's annual report for the year ended 30 June 2010. Those new accounting standards, amendments to accounting standards and interpretations which are mandatory for financial year ending 30 June 2011 have no material impact on the Group.

The unaudited consolidated financial statements have not been audited by the auditors of the Company, but have been reviewed by the Company's audit committee and were approved for issue by the Board.

附註：

1. 一般資料

本公司於二零零二年九月九日根據百慕達一九八一年公司法(經修訂)於百慕達註冊成立為受豁免有限公司。本公司註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司為一間投資控股公司。本公司股份自二零零三年四月十六日起於聯交所創業板上市。

本集團之主要業務則包括從事地面無線數字電視網絡設備集成業務、有線數字電視雙向改造業務、研究、設計、開發及製造電子資訊安全產品、芯片，以及芯片之解決方案及相關服務。

2. 編製基準及會計政策

截至二零一一年三月三十一日止九個月之未經審核綜合財務報表乃按香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)及創業板上市規則之適用披露規定編製。

未經審核綜合財務報表乃根據歷史成本基準編製，惟金融工具乃以公平值計量。編製未經審核綜合財務報表所採用之會計政策及計算方法與編製截至二零一零年六月三十日止年度之全年財務報表所採用者一致。該等未經審核綜合財務報表應與本公司截至二零一零年六月三十日止年度之年報一併閱讀。須於截至二零一一年六月三十日止財政年度強制採用之新訂會計準則、會計準則之修訂及詮釋不會對本集團構成重大影響。

未經審核綜合財務報表未經本公司核數師審核，但已經本公司之審核委員會審閱並由董事會批准刊發。

3. TURNOVER AND REVENUE

Turnover and revenue recognised by category during the three months and nine months ended 31 March 2011 are as follows:

3. 營業額及收益

截至二零一一年三月三十一日止三個月及九個月之營業額及收益分類確認如下：

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Turnover	營業額				
Wireless digital terrestrial television network equipment integration business	地面無線數字電視網絡設備集成業務	78,785	55,913	176,891	261,342
Digital cable television two-way conversion business	有線數字電視雙向改造業務	42,543	—	71,557	—
Encrypted integrated circuits and the derived integrated business	加密芯片及所產生之集成業務	14,223	50,063	93,928	126,957
Wireless digital audio products business	無線數字音頻產品業務	67,991	9,355	179,330	67,382
		203,542	115,331	521,706	455,681
Other income	其他收入				
Bank interest income	銀行利息收入	159	22	236	44
Other interest income	其他利息收入	—	—	—	206
Realised gain on trading of listed securities	出售上市證券之已變現收益	9,525	—	10,236	—
Sundry income	雜項收入	8,104	—	15,372	318
		17,788	22	25,844	568

4. FINANCE COSTS

4. 融資成本

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Effective interest expenses on convertible notes	可換股票據之實際利息開支	3,493	3,213	11,646	6,146
Interest element of finance leases	融資租約之利息	21	—	67	—
Interest on loan from a shareholder	股東貸款之利息	—	388	354	1,182
Interest on bank loans	銀行貸款之利息	252	191	561	223
		3,766	3,792	12,628	7,551

5. PROFIT BEFORE TAXATION

5. 除稅前溢利

The Group's profit before taxation is arrived at after charging:

本集團除稅前溢利乃經扣除下列各項後列賬：

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Cost of inventories sold	存貨銷售成本	120,825	47,540	322,293	260,788
Depreciation	折舊	569	526	1,622	1,347
Operating lease charges on office premises	辦公室物業之經營租賃費用	676	726	2,473	2,286
Research and development costs	研究及開發成本	877	354	2,778	2,203
Staff costs (including Directors' remuneration)	員工成本(包括董事酬金)				
— salaries and allowances	— 薪金及津貼	4,281	2,396	11,309	8,111
— pension scheme contributions	— 退休金計劃供款	16	14	45	34

6. TAXATION

6. 稅項

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Current tax:	即期稅項：				
Hong Kong	香港				
— charge for the period	— 本期間支出	—	—	—	310
Overseas	海外				
— charge for the period	— 本期間支出	7,991	98	14,828	641
		7,991	98	14,828	951

The provision for Hong Kong profits tax for the nine months ended 31 March 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the period.

Taxation arising in other jurisdictions, mainly the PRC, is calculated at the rates prevailing in the respective jurisdictions. The applicable enterprise income tax rate for the PRC is 25%.

In accordance with the approval from the relevant tax authorities, Beijing Jinqiao Hengtai Technology Company Limited ("Beijing Jinqiao") and Beijing Zhongguang Shitong Technology Company Limited ("Beijing Zhongguang"), both wholly owned subsidiaries of the Group operating in the PRC, are entitled to two years' exemption from the PRC corporate income tax ("CIT") followed by three years' 50% relief from the CIT. The years ended 31 December 2008 and 31 December 2010 are the first profit-making year of Beijing Jinqiao and Beijing Zhongguang respectively for the purpose of CIT exemption.

截至二零一一年三月三十一日止九個月香港利得稅撥備以期內估計應課稅溢利按稅率16.5% (二零一零年：16.5%) 計算。

在其他司法權區(主要在中國)產生之稅項乃按各司法權區之現行稅率計算。中國適用之企業所得稅稅率為25%。

根據有關稅務機關之批准，於中國經營之本集團全資附屬公司北京金橋恒泰科技有限公司(「北京金橋」)及北京中廣視通科技有限公司(「北京中廣」)獲豁免繳納中國企業所得稅(「企業所得稅」)兩年，隨後三年則可享企業所得稅減半優惠。就豁免繳納企業所得稅而言，截至二零零八年十二月三十一日及二零一零年十二月三十一日止年度分別為北京金橋及北京中廣首個獲利年度。

7. EARNINGS PER SHARE

7. 每股盈利

(a) Basic earnings per share

(a) 每股基本盈利

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

每股基本盈利乃按本公司股權持有人應佔溢利除以期內已發行普通股加權平均數計算。

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 (Unaudited) (未經審核)	2010 二零一零年 (Unaudited) (未經審核)	2011 二零一一年 (Unaudited) (未經審核)	2010 二零一零年 (Unaudited) (未經審核)
Profit attributable to the equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利(千港元)	68,021	50,043	151,465	140,813
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(千股)	2,483,493	1,533,587	1,970,528	1,498,955
Basic earnings per share (HK cent)	每股基本盈利(港仙)	2.74	3.26	7.69	9.39

7. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the adjusted profit attributable to the equity holders of the Company by the total of the weighted average number of ordinary shares in issue during the period and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of all convertible notes and exercise of all share options outstanding during the period.

7. 每股盈利 (續)

(b) 每股攤薄盈利

每股攤薄盈利乃按本公司股權持有人應佔經調整溢利，除以期內已發行普通股加權平均數與假設於期內被視為兌換全部尚未兌換可換股票據及行使全部尚未行使購股權而發行之普通股加權平均數之總和計算。

		Three months ended 31 March 截至三月三十一日 止三個月		Nine months ended 31 March 截至三月三十一日 止九個月	
		2011 二零一一年 (Unaudited) (未經審核)	2010 二零一零年 (Unaudited) (未經審核)	2011 二零一一年 (Unaudited) (未經審核)	2010 二零一零年 (Unaudited) (未經審核)
Profit attributable to the equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利(千港元)	68,021	50,043	151,465	140,813
Effective interest expenses on convertible notes (HK\$'000)	可換股票據之實際利息開支(千港元)	3,493	—	11,646	—
Adjusted profit attributable to the equity holders of the Company (HK\$'000)	本公司股權持有人應佔經調整溢利(千港元)	71,514	50,043	163,111	140,813
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(千股)	2,483,493	1,533,587	1,970,528	1,498,955
Weighted average number of ordinary shares in issue on the deemed conversion of all convertible notes and exercise of all share options outstanding during the period (thousands)	期內就被視為兌換全部尚未兌換可換股票據及行使全部尚未行使購股權而發行之普通股加權平均數(千股)	274,580	2,354	474,635	2,483
		2,758,073	1,535,941	2,445,163	1,501,438
Diluted earnings per share (HK cent)	每股攤薄盈利(港仙)	2.59	3.26	6.67	9.38

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 March 2011 (2010: Nil).

8. 中期股息

董事會不建議派發截至二零一一年三月三十一日止九個月之中期股息(二零一零年：無)。

9. RESERVES

9. 儲備

Attributable to the equity holders of the Company

本公司股權持有人應佔

		Share premium 股份溢價 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Exchange fluctuation reserve 匯兌儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Convertible notes reserve 可換股票據 儲備 HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 1 July 2009	於二零零九年 七月一日之結餘	396,560	702	(274)	4,512	—	61,667	463,167
Issue of new shares	發行新股份	69,000	—	—	—	—	—	69,000
Recognition of equity component of convertible notes issued	確認已發行可換 股票據之權益部份	—	—	—	—	265,302	—	265,302
Recognition of share-based payments	確認以股份為基礎付款	—	—	—	650	—	—	650
Share options exercised	已行使之購股權	17,698	—	—	(2,124)	—	—	15,574
Share issue expenses	發行股份開支	(2,041)	—	—	—	—	—	(2,041)
Reserves arising from capital injection to a non-wholly owned subsidiary	來自向一間非全資 附屬公司注資之儲備	—	1,025	—	—	—	—	1,025
Total comprehensive income for the nine months ended 31 March 2010	截至二零一零年 三月三十一日止 九個月之 全面收入總額	—	—	1,178	—	—	140,813	141,991
Balance at 31 March 2010	於二零一零年 三月三十一日之結餘	481,217	1,727	904	3,038	265,302	202,480	954,668
Balance at 1 July 2010	於二零一零年 七月一日之結餘	491,372	2,325	3,905	1,696	300,800	242,306	1,042,404
Issue of new shares	發行新股份	252,315	—	—	—	—	—	252,315
Issue of convertible notes	發行可換股票據	—	—	—	—	14,917	—	14,917
Conversion of convertible notes	兌換可換股票據	288,059	—	—	—	(181,463)	—	106,596
Bonus issue of shares as final dividend	發行紅股作為末期股息	(610)	—	—	—	—	—	(610)
Share options exercised	已行使之購股權	69,338	—	—	(1,480)	—	—	67,858
Share issue expenses	發行股份開支	(2,295)	—	—	—	—	—	(2,295)
Recognition of share-based payments	確認以股份為基礎付款	—	—	—	669	—	—	669
Total comprehensive income for the nine months ended 31 March 2011	截至二零一一年 三月三十一日止 九個月之 全面收入總額	—	—	22,523	—	—	151,465	173,988
Balance at 31 March 2011	於二零一一年 三月三十一日之結餘	1,098,179	2,325	26,428	885	134,254	393,771	1,655,842

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the nine months ended 31 March 2011, the Group recorded a consolidated turnover of approximately HK\$521.7 million, representing an increase of approximately 14.5% when compared to approximately HK\$455.7 million for the corresponding period in the last financial year.

Gross profit margin of the Group dropped from approximately 42.2% for the corresponding period of last financial year to approximately 37.4% for the current nine-month period, a drop of approximately 4.8% resulting from the resource costs put into the initial stage of developing the digital cable television two-way conversion business.

Other income amounted to HK\$25.8 million for the nine months ended 31 March 2011, representing an increase of about 42 times when compared to approximately HK\$0.6 million for the corresponding period of the last financial year. The increase is mainly due to the gains realised from the disposal of listed securities held by the Company as part of the Group's cash management and income enhancement initiative.

Other operating expenses amounted to HK\$38.3 million for the nine months ended 31 March 2011, representing an increase of 33.6% when compared to approximately HK\$28.7 million for the corresponding period of the last financial year. The increase is principally due to the expansion of the digital cable television business units and the increase of non-cash effective interest expenses on convertible notes.

The profit attributable to equity holders of the Company amounted to approximately HK\$151.5 million for the nine months ended 31 March 2011, representing an increase of approximately 7.6% when compared to HK\$140.8 million over the corresponding period in the previous financial year. Basic earnings per share was approximately HK\$0.0769 for the nine months ended 31 March 2011, representing a decrease of approximately 18.1% compared to approximately HK\$0.0939 for the corresponding period of the last year.

As at 31 March 2011, the cash and bank balances of the Group amounted to approximately HK\$194.0 million, representing a decrease of approximately 49.4% when compared to approximately HK\$383.4 million as at 31 December 2010. As at 31 March 2011, the Group has pledged bank deposit of approximately HK\$43.4 million (31 December 2010: HK\$71.5 million) for certain banking facilities. The gearing ratio of the Group, calculated as total borrowings over total assets, was approximately 0.008 (31 March 2010: 0.03).

管理層討論及分析

財務回顧

於截至二零一一年三月三十一日止九個月，本集團錄得綜合營業額約521,700,000港元，較上一財政年度同期之約455,700,000港元增加約14.5%。

本九個月期間本集團之毛利率由上一財政年度同期之約42.2%減少至約37.4%，減少約4.8%乃由於發展有線數字電視雙向改造業務初始階段所投入之資源成本所致。

截至二零一一年三月三十一日止九個月之其他收入為25,800,000港元，較上一財政年度同期之約600,000港元增加約42倍。此增加主要由於作為本集團現金管理及增收激勵之一部份而出售本公司持有之上市證券產生之已變現收益所致。

截至二零一一年三月三十一日止九個月之其他經營費用為38,300,000港元，較上一財政年度同期之約28,700,000港元增加33.6%。此增加主要由於拓展有線數字電視業務單元及可換股票據之非現金實際利息開支增加所致。

截至二零一一年三月三十一日止九個月，本公司股權持有人應佔溢利約為151,500,000港元，較上一財政年度同期之140,800,000港元增加約7.6%。截至二零一一年三月三十一日止九個月之每股基本盈利約為0.0769港元，較去年同期之約0.0939港元減少約18.1%。

於二零一一年三月三十一日，本集團之現金及銀行結餘約為194,000,000港元，較於二零一零年十二月三十一日之約383,400,000港元減少約49.4%。於二零一一年三月三十一日，本集團已抵押銀行存款約43,400,000港元（二零一零年十二月三十一日：71,500,000港元），以獲取若干銀行融資。本集團之資本負債比率（總借款除以總資產）約為0.008（二零一零年三月三十一日：0.03）。

Business review

The Company put in enormous efforts in developing its principal businesses during the nine months ended 31 March 2011 and attained satisfactory sales performance.

(i) Wireless digital terrestrial TV network equipment integration business

Approximately HK\$176.9 million or 33.9% of the total turnover of the Group in the nine months ended 31 March 2011 was derived from the construction projects of the wireless digital terrestrial television operating platform. Steady progress has been made on the sales of set-top boxes and the Group continued to provide network optimisation services for Hunan Mobile TV and Hubei Chutian CTV during the third quarter ended 31 March 2011.

(ii) Digital cable television two-way conversion equipment and service business

The Group has achieved stable progress for its network construction project in the integration of the three networks and greater than expected revenue for the digital cable television operational business in rural areas. The revenues in the nine months ended 31 March 2011 amounted to approximately HK\$71.6 million (around 13.7% of the total turnover of the Group), mainly operational revenues from basic subscription and other value added technology as well as market service income arising from the 300,000 subscribers of the Hebei rural television network. The Group is scheduled to have 500,000 subscribers of broadcasting television in the rural areas in the first half of 2011 in order to meet the annual target of 1 million subscribers.

For the network construction for three networks integration, the Company has invested a substantial amount of money on equipment for the two-way network conversion in the pilot cities including Suzhou, Bozhou, Huainan and Huaibei in Anhui province as of 31 March 2011. The two-way network conversion currently covered the first around 200,000 subscribers, including about 20,000 broadband users and 7,000 interactive TV subscribers. It is expected that the network conversion will be completed in the second half of the year, at which time the network will cover about 400,000 subscribers in Anhui province. Currently, the Group has designed various two-way value added business packages and commenced the trial operation of the business. The value added business is expected to bring to the Group significant sustainable operating revenue and profit in the near future.

業務回顧

截至二零一一年三月三十一日止九個月，本公司大力發展其主要業務，並取得理想之銷售業績。

(i) 地面無線數字電視網絡設備集成業務

截至二零一一年三月三十一日止九個月，本集團總營業額中約176,900,000港元或33.9%來自地面無線數字電視營運平台之建設項目。截至二零一一年三月三十一日止第三季度，機頂盒銷售已取得穩步提升，本集團繼續向湖南廣電移動電視及湖北楚天中視提供網絡優化服務。

(ii) 有線數字電視雙向改造設備及服務業務

本集團之網絡建設項目於三網融合方面取得穩步發展，而農村地區之有線數字電視經營業務取得之收益亦超出預期。截至二零一一年三月三十一日止九個月之收益約為71,600,000港元(佔本集團總營業額約13.7%)，主要為河北農村電視網絡300,000名用戶之基本認購及其他增值技術以及市場服務收入而產生之營運收益。本集團計劃於二零一一年上半年於農村地區擁有500,000名廣播電視用戶，以達到1,000,000名用戶的年度目標。

就三網融合之網絡建設而言，截至二零一一年三月三十一日，本公司為安徽省宿州、亳州、淮南及淮北等試驗城市之網絡雙向改造投入了大量的設備，目前網絡雙向改造覆蓋首200,000名用戶左右，包括約20,000名寬頻用戶及7,000名互動電視用戶。網絡改造預期將於本年度下半年完成，屆時該網絡將覆蓋安徽省約400,000名用戶。目前，本集團已設計多項雙向增值業務套餐，並開始有關業務之試營運。增值業務預期將於近期為本集團帶來可觀之可持續營運收益及溢利。

According to the requirement of Anhui Television Broadcasts, the subscription rate for the basic interactive packages in the regions where the two-way network conversion has been completed should exceed 90%. Further, the two-way value added products in the pilot cities has achieved a steady and sustained increase in their market share and an improved ARPU of the subscribers. Hence, the Group is striving to achieve remarkable revenue in this business segment in the second half of 2011.

(iii) Encrypted integrated circuits and the derived integrated business

The turnover for the nine months ended 31 March 2011 generated from the encrypted integrated circuits and the derived integrated business and the related technical services amounted to approximately HK\$93.9 million or approximately 18.0% of the total turnover. During the third quarter ended 31 March 2011, the Group was engaged in the self-production of digital two-way conversion products and has upgraded its G/EPON products, which provided more comprehensive two-way conversion solutions and equipment. Having won the bids directly or indirectly, the Group started to supply goods with its new customer base ever expanding.

For the telecommunication operator business in China, the Group has commenced mass production for the supply of goods and the receivables is gradually collected. In response to the demand from telecommunication customers, the design and research and development of the optical fibre quick connector (OPRun), for which the Group owned its intellectual property right, and its peripheral equipment was completed. OEM manufacturing has been commenced in foundries during the quarter. Meanwhile, technical testings for the operators of the products are underway.

In respect of software development and technical services income, the progress of research and development and time for customers' inspection and acceptance upon delivery were postponed due to the public holidays such as Lunar New Year in China, resulting in a slight decrease in turnover for the quarter compared with the corresponding period last year.

根據安徽廣電之要求，完成網絡雙向改造地區的基本互動套餐認購率須超過90%。此外，試驗城市雙向增值產品之市場佔有率已取得穩步持續增長，用戶之每用戶平均收入亦有所增加。因此，本集團將盡力於二零一一年下半年在該業務分部取得顯著收益。

(iii) 加密芯片及所產生之集成業務

加密芯片及所產生之集成業務及相關技術服務於截至二零一一年三月三十一日止九個月產生之營業額約為93,900,000港元，約佔總營業額約18.0%。截至二零一一年三月三十一日止第三季度，本集團從事自主生產數字雙向改造產品及改進其G/EPON產品，以提供更多綜合雙向改造解決方案及設備。本集團已直接或間接中標，並開始向其不斷擴大的新客戶基礎供應產品。

就中國之電信運營商業務而言，本集團已開始大量生產以供應產品，且應收款項正逐步收回。應電信客戶之要求，本集團已完成其擁有知識產權的光纖快速接駁器(OPRun)及其週邊設備之設計及研發。本季度已開始在代工廠進行OEM製造。同時，正為運營商對該產品進行技術測試。

就軟件開發及技術服務收入而言，研發過程以及客戶於交付後檢查及認可的時間因中國農曆新年等公眾假期而推遲，導致本季度之營業額較去年同期錄得小幅下跌。

(iv) Wireless digital audio products business

The turnover for the nine months ended 31 March 2011 generated from the wireless digital audio products business and the related technical services amounted to approximately HK\$179.3 million or approximately 34.4% of the total turnover, mainly contributed by the revenues from domestic customers. With the effort of the Group, the turnover from this segment increased significantly when compared to the corresponding period of last year. The number of overseas customers further increased in the third quarter ended 31 March 2011. The Group's market share has been growing correspondingly with the expanding scale of cooperation with the domestic and overseas customers over the past few years. This has provided the Group with an effective protection of high revenue as well as a profit driver in future.

Prospects

Leveraging on the strength in the wireless business, the Group will proactively engage itself in the development of the businesses in basic television operation and three network integration. In the second quarter of 2011, in addition to the steady development in the existing businesses in Anhui and Hebei provinces, the Group will continue to develop other valuable business in basic television services in these provinces and actively discuss with broadcasting television operators in new provinces for cooperation opportunities, striving for new breakthroughs and performance results in near future.

The Group will take the initiative to introduce new two-way cable network business such as HDTV PUSH VOD and HDTV paid channels to strive for revenue increase in two-way business; and strengthen communication with media content providers to reduce the cost of contents and enrich the contents of two-way value added business, in order to increase users' subscription on the Group's service.

The Group plans to initiate cooperation with Hebei Television Broadcasts for the development of the subscribers of the wireless mobile broadcasting television and the advertising business in the next quarter, for which a pilot scheme will be commenced during the end of the second quarter to the beginning of the third quarter in 2011. The Group is looking forward to expanding the integration business in other industries to drive for future growth in profit.

(iv) 無線數字音頻產品業務

截至二零一一年三月三十一日止九個月，來自無線數字音頻產品業務及相關技術服務之營業額約為179,300,000港元，佔總營業額約34.4%，大部份來自國內客戶之收益。在本集團的努力下，此分部之營業額較去年同期錄得大幅增加。截至二零一一年三月三十一日止第三季度，國外客戶數目進一步增加。本集團之市場佔有率隨著過去數年與國內外客戶之合作規模擴大而相應上升。這為本集團未來之高收益帶來實際保障及盈利動力。

前景

憑藉無線業務之優勢，本集團將積極發展基礎電視運營業務和三網融合業務。於二零一一年第二季度，除穩步發展安徽省與河北省的現有業務之外，本集團還將繼續在這些省份發展有價值的其他基礎電視服務的業務；與其他省份的廣播電視運營商也在就合作機會積極洽談過程中，力求在近期實現新突破及獲得業績成果。

本集團將採取措施推出高清電視推送視頻點播(PUSH VOD)及高清電視付費頻道等新雙向有線網絡業務，力求增加雙向業務之收益；並加強與媒體內容提供商之交流，以降低雙向增值業務之內容成本及豐富此等內容，進而促進用戶增加對本集團服務之訂購。

本集團計劃於下一季度與河北廣電開展合作，為無線移動廣播電視及廣告業務發展用戶，試驗計劃將於二零一一年第二季度末至第三季度初間開展。本集團將尋求擴展其他行業之集成業務，以推動未來之溢利增長。

The Group will also attach greater effort to research and development. It plans to acquire several intellectual property rights and the dual software certificates for each of its digital cable business units in the first half of 2011. It will also assist customers in inspection and acceptance upon delivery, so as to provide quality and convenient services and ensure new breakthrough of the Group's revenue. It is expected that the Group's new communication products will be widely applied by operators such as China Telecom and China Unicom in order to generate new income for the Group. The research and development department of the Group has carried out the third time upgrade for EOC product, substantially reducing the cost and improving the performance-price ratio of the products, so as to enhance the competitive edges of the Group's products in the broadcasting television industry.

The nuclear crisis in Japan will have considerable effect on the games order of the Group for the coming quarter. However, the Group's market share in the wireless digital audio products business will expand substantially as the number of new customers of its export sales is expected to largely increase in the coming quarter. The Group has been planning to expand the domestic market share before it suffered from the adverse impact of the export market, and has achieved remarkable results with improvements in market share and sales volume. The commencement of mass production for the projects of two domestic listed companies in the coming quarter will be a great start for the domestic sales market of the wireless digital audio products. The Group will strive to enter into new consumer and automotive electronics markets in order to bring a new and rapid profit driver for the Group.

本集團亦將加大研發力度。本集團計劃於二零一一年上半年就各有線數字業務單位獲得若干知識產權及雙重軟件證書。本集團亦將於交付服務時協助客戶驗收，從而提供優質及便捷之服務，確保本集團收益實現新突破。預期本集團之新通訊產品將獲中國電信及中國聯通等運營商廣泛應用，應可為本集團帶來新收入。本集團之研發部門已對EOC產品進行第三次升級，大幅降低成本及提高產品之性價比，進而加強本集團產品在廣播電視行業之競爭優勢。

日本核危機將對本集團來季之遊戲產品訂單產生極大影響。然而，由於預期外銷之新客戶數目於來季將大幅增加，本集團於無線數位音頻產品業務之市場佔有率將會顯著增加。本集團已計劃於外銷市場對本集團造成不利影響前，開拓國內市場，並已就市場佔有率及銷量方面取得卓越成果。於來季為兩間國內上市公司之項目展開大量生產，將是無線數位音頻產品在國內市場銷售之重大開始。本集團將積極躋身新消費及汽車電子市場，以為本集團帶來全新及迅速產生利潤之來源。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及短倉

As at 31 March 2011, the interests and short positions of the Directors, the chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

於二零一一年三月三十一日，本公司董事、主要行政人員或彼等各自之聯繫人(定義見創業板上市規則)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、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及第8分部規定須知會本公司及聯交所之權益及短倉(包括彼等根據證券及期貨條例有關條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述登記冊內之權益及短倉；或根據創業板上市規則有關董事進行證券交易之第5.46條至5.67條須知會本公司及聯交所之權益及短倉如下：

Name 姓名	Position 職務	Capacity 身份	Number of 數目		Approximate percentage of interests in the issued share capital 已發行股本 中權益概約 百分比
			shares 股份	underlying shares 相關股份 (Note) (附註)	
Mr. Xiao Yan 肖彥先生	Chief Executive Officer/ Executive Director 行政總裁／執行董事	Beneficial owner 實益擁有人	—	2,273,334	0.09%
Mr. Wu Fred Fong 胡晃先生	Chief Financial Officer 財務總裁	Beneficial owner 實益擁有人	3,466,666	—	0.14%

Note:

The Directors and the chief executive of the Company were granted share options at the exercise price of HK\$0.358 per share (as adjusted) on 18 February 2009. The share options would be exercisable during the period from 18 March 2009 to 17 October 2012. These individuals were deemed to be interested in shares of HK\$0.01 each which would fall to be issued upon exercise of their respective share options of the Company under the share option scheme adopted by the Company on 13 March 2003.

附註：

於二零零九年二月十八日，本公司董事及主要行政人員獲授行使價為每股0.358港元(經調整)之購股權。該等購股權可於二零零九年三月十八日至二零一二年十月十七日期間行使。該等人士被視為於根據購股權計劃(本公司於二零零三年三月十三日採納)彼等各自獲授之本公司購股權獲行使而須予發行之每股面值0.01港元之股份中擁有權益。

Save as disclosed above, at no time during the nine months ended 31 March 2011 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

除上文所披露者外，本公司或其任何附屬公司於截至二零一一年三月三十一日止九個月內任何時間概無訂立任何安排，致使本公司董事及主要行政人員可藉收購本公司或其相聯法團之股份或債權證而獲得利益。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

主要股東於本公司之股份及相關股份之權益及短倉

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2011, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital:

根據證券及期貨條例第336條存置之主要股東登記冊所載，於二零一一年三月三十一日，本公司已知悉下列持有本公司已發行股本5%或以上之主要股東權益及短倉：

Interests in the shares of the Company

於本公司股份之權益

Name of shareholder 股東名稱	Number or attributable number of shares or underlying shares held 持有之股份或相關股份數目或應佔數目	Type of interests 權益類別	Approximate percentage of interests 權益概約百分比
Choi Chung Lam (Note 1) 蔡忠林先生(附註1)	620,690,451 (L)	Interest in controlled corporation 受控法團權益	24.96%
Team Effort Investments Limited (Note 1)(附註1)	620,690,451 (L)	Beneficial owner 實益擁有人	24.96%
Li Haoping (Note 2) 李浩平先生(附註2)	403,863,306 (L)	Interest in controlled corporation 受控法團權益	16.24%
Lomond Group Limited (Note 2)(附註2)	357,724,863 (L)	Interest in controlled corporation 受控法團權益	14.38%
Easy Mount Enterprises Limited (Note 2)(附註2)	319,224,863 (L)	Beneficial owner 實益擁有人	12.83%

L: Long Position

L: 長倉

Notes:

1. Team Effort Investments Limited is wholly owned by Mr. Choi Chung Lam. Mr. Choi Chung Lam is deemed to be interested in the shares held by Team Effort Investments Limited.
2. The entire issued share capital of Easy Mount Enterprises Limited is owned as to 85% by Lomond Group Limited and 15% by Mr. Ho Wai Jung. Lomond Group Limited and Mr. Li Haoping are deemed to be interested in the 319,224,863 shares to be issued upon the exercising of the conversion rights attaching to convertible notes. Mr. Li Haoping is also deemed to be interested in the 38,500,000 shares held by Lomond Group Limited and 46,138,443 shares held by Wealtheme Limited. Both Lomond Group Limited and Wealtheme Limited are wholly owned by Mr. Li Haoping.

Save as disclosed above, as at 31 March 2011, the Directors or chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company under Section 336 of the SFO.

附註：

1. Team Effort Investments Limited由蔡忠林先生全資擁有。蔡忠林先生被視為於Team Effort Investments Limited持有之股份中擁有權益。
2. Easy Mount Enterprises Limited之全部已發行股本中由Lomond Group Limited擁有85%及由何偉頌先生擁有15%。Lomond Group Limited及李浩平先生分別被視為於可換股票據所附之換股權獲行使而須予發行之319,224,863股股份中擁有權益。李浩平先生亦被視為於Lomond Group Limited持有之38,500,000股股份及Wealtheme Limited持有之46,138,443股股份中擁有權益。Lomond Group Limited及Wealtheme Limited皆由李浩平先生全資擁有。

除上文所披露者外，於二零一一年三月三十一日，本公司董事或主要行政人員概不知悉有任何其他人士（本公司董事或主要行政人員除外）於本公司之股份或相關股份中，擁有證券及期貨條例第336條所載之任何權益或短倉。

EMPLOYEE SHARE OPTION SCHEME

Details of the employee share option scheme ("Share Option Scheme") approved by the then sole shareholder of the Company on 13 March 2003 were disclosed in the annual report of the Company for the year ended 30 June 2010. The following shows the outstanding positions of the eligible persons as at 31 March 2011 with respect to their share options granted under the scheme:

Participants 參與者	Number of Shares (Note) 股份數目 (附註)					As of 31 March 2011	Date of Grant 授出日期	Exercise period 行使期	Adjusted Subscription Price 經調整 認購價
	As of 1 July 2010 截至 二零一零年 七月一日	Adjusted after bonus issue 於發行紅股 後調整	Exercised during the period 於期內 行使	Cancelled during the period 於期內 註銷	Lapsed during the period 於期內 失效	二零一一年 三月三十一日			
Eligible persons 合資格人士	10,700,000	290,000	8,716,666	—	—	2,273,334	18/02/2009	18/03/2009- 17/03/2012	HK\$0.358港元

Note:

Number of shares in the Company over which options granted under the Share Option Scheme are exercisable.

LITIGATION

The Company was served on 20 December 2007 a writ of summons (the "Writ") whereby Mr. Chan Hak Kim, the plaintiff (the "Plaintiff") is claiming against Precision Assets Limited, being the first defendant, Mr. Tony Hoo, being the second defendant (the "2nd Defendant") and the Company, being the third defendant (together referred to the "Defendants"). The Plaintiff claims against the Company under a forbearance agreement which was allegedly made partly orally and partly in writing between the Plaintiff and the 2nd Defendant for and on behalf of the Defendants. Mr. Tony Hoo was a former executive Director who was appointed on 11 September 2002 and resigned on 5 June 2007.

員工購股權計劃

於二零零三年三月十三日當時本公司唯一股東批准之員工購股權計劃(「購股權計劃」)之詳情於本公司截至二零一零年六月三十日止年度之年報中披露。合資格人士根據計劃獲授予之購股權於二零一一年三月三十一日之結餘情況如下：

附註：

根據購股權計劃授出而可予行使之購股權所涉及之本公司股份數目。

訴訟

本公司於二零零七年十二月二十日獲送達一份傳訊令狀(「令狀」)，據此，原告人陳克儉先生(「原告」)向首被告Precision Assets Limited、第二被告胡棟良先生(「次被告」)及第三被告本公司(統稱為「被告人」)提出索償。原告根據一份據稱由原告與次被告(代表被告人)部份以口頭方式及部份以書面形式訂立之延期償付協議向本公司提出索償。胡棟良先生乃前任執行董事，於二零零二年九月十一日獲委任並於二零零七年六月五日辭任。

The Plaintiff claims (the "Claim") against (1) the Company in the total sum of HK\$5,000,000 together with interest and costs by way of two cheques of the Company each being in the amount of HK\$2,500,000 respectively dated 30 June 2007 and 31 October 2007 given to the Plaintiff by the 2nd Defendant which were dishonoured due to account close; and (2) against the Defendants jointly and severally damages in the sum of HK\$25,000,000 and further or in the alternative, the total sum of HK\$5,000,000 due under the afore-mentioned cheques together with interest and costs.

The Company has been advised by its legal adviser that the Plaintiff had no grounds for the Claim and the Company filed its defence on 28 March 2008 and witness statement on 30 July 2009. The trial hearing took place on 24 November 2010 and attempts have been made by the parties subsequently for a global settlement between the parties. However, despite prolonged negotiation between the Plaintiff and the 2nd Defendant, the parties failed to reach a settlement. Hearing for directions was on 14 February 2011 before the Court. However, the parties have been unable to complete settlement within 28 days from the date of the above hearing. On 11 May 2011, the parties have fixed the adjourned trial from 4 January 2012 to 12 January 2012. The Company's legal adviser's opinion is that the Company is not liable to the claim of the Plaintiff. The only contention is which party shall bear the costs of the Company in the High Court Action, and in what amount. The Company will keep its shareholders and potential investors informed of any further significant developments.

Save as disclosed above, the Group was not engaged in any litigation or arbitration or claims of material importance which is known to the Directors to be pending or threatened by or against the Group as at 31 March 2011.

原告就以下各項提出索償（「索償」）(1)透過兩張由次被告向原告開立日期分別為二零零七年六月三十日及二零零七年十月三十一日金額各為2,500,000港元之本公司支票（因戶口結束而未能兌現），向本公司提出索償總金額5,000,000港元連同利息及費用；及(2)向被告共同及個別提出索償損害賠償金額25,000,000港元及進一步或選擇在上述支票所欠付之總金額5,000,000港元連同利息及費用。

本公司已獲其法律顧問告知，原告在索償方面並無任何理據，而本公司已於二零零八年三月二十八日提交抗辯書並於二零零九年七月三十日提交證人陳述書，而審訊已於二零一零年十一月二十四日進行，控辯雙方其後試圖達成全面和解。然而，經過長時間磋商後，原告及次被告無法達成和解。指示聆訊已於二零一一年二月十四日由法庭審理。然而，雙方未能於上述聆訊日期起計28日內完成和解。於二零一一年五月十一日，雙方定於二零一二年一月四日至二零一二年一月十二日進行押後審訊。本公司法律顧問認為，本公司並無責任承擔原告之索償，唯一爭議是本公司於高等法院訴訟之費用應由哪一方支付及支付金額為多少。本公司將會就任何進一步的重大事態發展通知其股東及潛在投資者。

除上文所披露者外，於二零一一年三月三十一日，據董事所知，本集團概無涉及任何重大訴訟、仲裁或索償，而本集團亦無提出或面臨任何重大訴訟、仲裁或索償。

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the controlling shareholders of the Company (as defined in the GEM Listing Rules) have any interest in a business, which competes or may compete with the business of the Group or had any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. As at the date of this announcement, the audit committee comprises three independent non-executive Directors, namely, Mr. Leung Wo Ping JP (Chairman), Mr. Dong Shi and Mr. Hu Dingdong.

The duties of the audit committee include reviewing the Group's annual reports and accounts, half-yearly reports and quarterly reports and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Company, and to review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditor.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its Code of Conduct for Securities Transactions by Directors throughout the nine months ended 31 March 2011. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the nine months ended 31 March 2011.

董事於競爭業務之權益

本公司各董事或控股股東(定義見創業板上市規則)概無於與本集團業務出現或可能出現競爭或與本集團有其他利益衝突之業務中擁有任何權益。

審核委員會

本公司已遵照創業板上市規則第5.28至5.29條成立具明文職權範圍之審核委員會。於本公告日期，審核委員會由三位獨立非執行董事組成，即梁和平先生，太平紳士(主席)、董石先生及胡定東先生。

審核委員會之職責包括審閱本集團年報及賬目、半年報告及季度報告，並就此向董事會提供建議及意見。審核委員會亦負責檢討及監督本公司之財務申報程序及內部控制制度，以及按年度基準檢討外聘核數師之委任及確保繼任核數師之獨立性。

董事進行證券交易守則

於截至二零一一年三月三十一日止九個月內，本公司已採納創業板上市規則第5.48至5.67條所規定之交易必守標準作為其董事進行證券交易守則。本公司經向全體董事作出具體查詢後，得悉截至二零一一年三月三十一日止九個月內，並無任何違反有關董事進行證券交易之交易必守標準之事宜。

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

購買、出售或贖回本公司之上市證券

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 March 2011.

截至二零一一年三月三十一日止九個月，本公司或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。

By Order of the Board
HENG XIN CHINA HOLDINGS LIMITED
Xiao Yan
Chief Executive Officer

承董事會命
 恒芯中國控股有限公司
 行政總裁
 肖彥

Hong Kong, 13 May 2011

香港，二零一一年五月十三日

As at the date of this report, the Board comprises Mr. Xiao Yan (CEO), Mr. Feng Yongming and Mr. Li Tao as executive Directors; Mr. Xu Lei as non-executive Director; Mr. Leung Wo Ping JP, Mr. Dong Shi and Mr. Hu Dingdong as independent non-executive Directors.

於本報告日期，董事會由執行董事肖彥先生（行政總裁）、馮永明先生及李濤先生；非執行董事徐雷先生；獨立非執行董事梁和平先生，太平紳士、董石先生及胡定東先生組成。

This report will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at www.hengxinchina.com.hk.

本報告將由刊登日期起計最少一連七天載於創業板網站之「最新公司公告」一頁內及本公司網站www.hengxinchina.com.hk。



Heng Xin China Holdings Limited
恒芯中國控股有限公司

Unit 3, 43/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
香港夏慤道16號遠東金融中心43樓3室

Tel 電話 : (852) 3678 5500
Fax 傳真 : (852) 3178 9884
Website 網址 : www.hengxinchina.com.hk

