



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)



2011/2012

First Quarterly Report
第一季業績報告

* For identification purpose only 僅供識別

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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 GEM of the Stock Exchange (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。

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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 ended 30 September 2011 together with the comparative unaudited figures for the corresponding period 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」)截至二零一一年九月三十日止三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 30 September 截至九月三十日 止三個月	
		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
	Note 附註		
Revenue	3	175,425	82,377
Cost of sales		(60,245)	(41,785)
Gross profit		115,180	40,592
Other income	3	55	1,497
Selling and marketing expenses		(2,627)	(1,207)
Other operating expenses		(22,725)	(9,236)
Finance costs		(3,646)	(4,425)
Profit before taxation	4	86,237	27,221
Taxation	5	(24,591)	-
Profit for the period		61,646	27,221
Other comprehensive income			
Exchange differences on translating foreign operations		20,393	6,567
Total comprehensive income for the period		82,039	33,788
Profit attributable to:			
Owners of the Company		61,646	25,171
Non-controlling interest		-	2,050
		61,646	27,221
Total comprehensive income attributable to:			
Owners of the Company		82,039	31,329
Non-controlling interest		-	2,459
		82,039	33,788
Earnings per share			
- basic		2.48 cents 仙	1.59 cents
- diluted		2.40 cents 仙	1.44 cents
Dividends	7	-	-

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 digital cable television business, wireless digital television value-added services, wireless digital terrestrial television network equipment integrated 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 results for the three months ended 30 September 2011 have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited consolidated accounts 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 accounts are consistent with those used in the annual financial statements for the year ended 30 June 2011. These unaudited consolidated results should be read in conjunction with the Company's annual report for the year ended 30 June 2011. Those new accounting standards, amendments to accounting standards and interpretations which are mandatory for financial year ending 30 June 2012 have no material impact on the Group.

The unaudited consolidated accounts have not been audited by the auditors of the Company, but have been reviewed by the Company's audit committee.

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有線數字電視業務、無線數字電視增值服務、地面無線數字電視網絡設備集成業務、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

截至二零一一年九月三十日止三個月之未經審核綜合業績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。

未經審核綜合賬目乃根據歷史成本基準編製，惟金融工具乃以公平值計量。編製未經審核綜合賬目所採用之會計政策及計算方法與編製截至二零一一年六月三十日止年度之全年財務報表所採用者一致。該等未經審核綜合業績應與本公司截至二零一一年六月三十日止年度之年報一併閱讀。須於截至二零一二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。

未經審核綜合賬目未經本公司核數師審核，但已經本公司之審核委員會審閱。

3. REVENUE

Revenue recognised by category during the three months ended 30 September 2011 are as follows:

3. 收益

截至二零一一年九月三十日止三個月之收益分類確認如下：

		Three months ended 30 September 截至九月三十日 止三個月	
		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)
Revenue	收益		
Digital cable television business	有線數字電視業務	48,390	-
Wireless digital television value-added services	無線數字電視增值服務	51,565	-
Encrypted integrated circuits and the derived integrated business	加密芯片及所產生之集成業務	27,519	27,878
Wireless digital audio products business	無線數字音頻產品業務	47,951	30,803
Wireless digital terrestrial television network equipment integration business	地面無線數字電視網絡設備集成業務	-	23,696
		175,425	82,377
Other income	其他收入		
Bank interest income	銀行利息收入	55	46
Sundry income	雜項收入	-	1,451
		55	1,497

4. PROFIT FOR THE PERIOD

The Group's profit for the year has been arrived at after charging:

		Three months ended 30 September 截至九月三十日 止三個月	
		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)
Cost of inventories recognised as expense	確認為開支之存貨成本	59,552	38,198
Depreciation	折舊	944	624
Exchange loss	匯兌虧損	423	72
Loss on fair value changes of financial assets at fair value through profit or loss	按公平值計入損益表之金融資產公平值變動虧損	4,260	-
Operating lease charges	經營租賃費用		
– equipments and motor vehicles	– 設備及汽車	150	406
– office premises	– 辦公室物業	1,354	915
– staff quarter	– 員工住房	658	120
Research and development costs	研究及開發成本	2,242	571
Staff costs (including Directors' emoluments)	員工成本 (包括董事酬金)		
– salaries and allowances	– 薪金及津貼	4,610	3,266
– pension scheme contributions	– 退休金計劃供款	120	53

5. TAXATION

5. 稅項

		Three months ended 30 September 截至九月三十日 止三個月	
		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)
Current tax:	即期稅項：		
Hong Kong	香港		
– charge for the period	– 期內支出	-	-
Overseas	海外		
– charge for the period	– 期內支出	24,591	-
		24,591	-

5. TAXATION (Continued)

The provision for Hong Kong profits tax for 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

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"), 93% owned subsidiaries of the Group operating in the PRC, is entitled to two years' exemption from the PRC corporate income tax ("CIT") followed by three years' 50% relief from the CIT. The year ended 31 December 2008 and 31 December 2010 were the first profit profit-making year of Beijing Jinqiao and Beijing Zhongguang for the purpose of CIT exemption respectively.

6. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the consolidated profit attributable to the owners of the Company of HK\$61,646,000 (2010: HK\$25,171,000) by the weighted average number of 2,487,092,000 (2010: 1,579,248,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the adjusted profit attributable to the owners of the Company of HK\$65,216,000 (2010: HK\$29,218,000) by the total of the weighted average number of ordinary shares of 2,717,488,000 (2010: 2,024,219,000) outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares.

The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the period of HK\$61,646,000 (2010: HK\$25,171,000) as used in the calculation of basic earnings per share plus effective interest expenses on convertible notes of HK\$3,570,000 (2010: 4,047,000).

5. 稅項 (續)

二零一一年香港利得稅撥備以年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，於中國經營而本集團擁有93%權益之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。

6. 每股盈利

(a) 基本

每股基本盈利乃按本公司擁有人應佔綜合溢利61,646,000港元 (二零一零年：25,171,000港元) 除以期內已發行普通股加權平均數2,487,092,000股 (二零一零年：1,579,248,000股) 計算。

(b) 每股攤薄盈利

每股攤薄盈利乃按本公司擁有人應佔經調整溢利65,216,000港元 (二零一零年：29,218,000港元)，除以期內已發行普通股加權平均數2,717,488,000股 (二零一零年：2,024,219,000股) 之總額，經調整所有攤薄潛在普通股之影響後計算。

本公司擁有人應佔經調整溢利乃按計算每股基本盈利所用之期內本公司擁有人應佔溢利61,646,000 港元 (二零一零年：25,171,000港元) 另加可換股票據之實際利息開支3,570,000 港元 (二零一零年：4,047,000港元) 計算。

6. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 2,487,092,000 (2010: 1,579,248,000) ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the weighted average of 1,573,000 (2010: 10,167,000) ordinary shares deemed to be issued at no consideration as if all the Company's share options had been exercised and the weighted average of 228,823,000 (2010: 434,804,000) ordinary shares deemed to be issued at no consideration as if all the Company's convertible notes had been converted.

The calculation of the diluted earnings per share did not assume the exercise of some of the Company's outstanding share options, convertible notes and warrants as their exercise prices were higher than the average market price of the Company's shares for the period.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2011 (2010: Nil).

6. 每股盈利 (續)

(b) 每股攤薄盈利 (續)

每股攤薄盈利所用之普通股加權平均數乃按計算每股基本盈利所用之期內已發行普通股加權平均數2,487,092,000股(二零一零年：1,579,248,000股)另加視為無償發行之普通股加權平均數1,573,000股(二零一零年：10,167,000股)(猶如本公司所有購股權已獲行使)，以及視為無償發行之普通股加權平均數228,823,000股(二零一零年：434,804,000股)(猶如本公司所有可換股票據已經兌換)計算。

由於期內本公司部份尚未行使購股權、可換股票據及認股權證之行使價均高於本公司股份之平均市價，故此在計算每股攤薄盈利時並無假設該等購股權、可換股票據及認股權證已獲行使。

7. 中期股息

董事會不建議派發截至二零一一年九月三十日止三個月之中期股息(二零一零年：無)。

8. RESERVES

8. 儲備

		Attributable to the owners of the Company 本公司擁有人應佔							
		Share premium	Capital reserve	Exchange fluctuation reserve	Other reserve	Share option reserve	Convertible notes reserve	Retained earnings	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		股份溢價	資本儲備	匯兌儲備	其他儲備	購股權儲備	可換股票據儲備	保留盈利	總計
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 July 2010	於二零一零年 七月一日	491,372	2,325	3,905	-	1,696	300,800	242,306	1,042,404
Total comprehensive income for the period	期內全面收入總額	-	-	6,567	-	-	-	25,171	31,738
Issue of new shares	發行新股份	148,000	-	-	-	-	-	-	148,000
Share issue expenses	發行股份開支	(1,809)	-	-	-	-	-	-	(1,809)
Share options exercised	已行使之購股權	946	-	-	-	(9)	-	-	937
At 30 September 2010	於二零一零年 九月三十日	638,509	2,325	10,472	-	1,687	300,800	267,477	1,221,270
At 1 July 2011	於二零一一年 七月一日	1,107,946	2,325	40,861	(79,992)	11,215	134,254	444,248	1,660,857
Total comprehensive income for the period	期內全面收入總額	-	-	20,393	-	-	-	61,646	82,039
At 30 September 2011	於二零一一年 九月三十日	1,107,946	2,325	61,254	(79,992)	11,215	134,254	505,894	1,742,896

MANAGEMENT DISCUSSIONS AND ANALYSIS

Financial review

For the three months ended 30 September 2011, the Group recorded a consolidated revenue of approximately HK\$175.4 million, representing an increase of approximately 113.0% when compared to approximately HK\$82.4 million for the corresponding period in the last financial year.

Other operating expenses amounted to approximately HK\$22.7 million for the three months ended 30 September 2011, representing an increase of 146.7% when compared to HK\$9.2 million for the three months ended 30 September 2010. The increase of the other operating expenses was due to the accounting for the loss on fair value changes of marketable securities of approximately HK\$4.3 million, increase in research and development costs, legal and professional costs and generation administration costs as a result of the expansion of business.

Finance costs mainly represent non-cash effective interest expenses on convertible notes of HK\$3.6 million (2010: HK\$4.0 million).

The profit attributable to owners of the Company amounted to approximately HK\$61.6 million for the three months ended 30 September 2011, representing an increase of approximately 144.9% when compared to approximately HK\$25.2 million in the corresponding period in the previous financial year. Basic earnings per share was approximately HK2.48 cents, representing an increase of approximately 56.0% when compared to approximately HK1.59 cents for the corresponding period of the last year.

As at 30 September 2011, the cash and bank balances of the Group amounted to approximately HK\$189.2 million (30 June 2011: HK\$288.5 million). The fund was mainly used for the implementation of the digital cable television business and wireless digital television value-added services. The gearing ratio of the Group, calculated as total borrowings over shareholders' funds, was approximately 0.01 (30 June 2011: 0.01).

Business review

The Group continues to put in enormous efforts in developing its principal businesses during the three months ended 30 September 2011, focusing particularly on last year's established cable digital television business. During the quarter under review, the Group has recorded significant revenues from its digital cable television business and wireless digital television value-added services, the revenues from the wireless digital terrestrial television network equipment integration business ceased, while the revenues from the encrypted integrated circuits and the wireless digital audio products and their respective derived integrated businesses remained stable when compared to that of the corresponding period of last year.

管理層討論及分析

財務回顧

於截至二零一一年九月三十日止三個月，本集團錄得綜合收益約175,400,000港元，較上一財政年度同期之約82,400,000港元增加約113.0%。

截至二零一一年九月三十日止三個月所錄得之其他經營費用約為22,700,000港元，增幅為146.7%，而截至二零一零年九月三十日止三個月則為9,200,000港元。其他經營費用增加乃由於計入有價證券公平值變動之虧損約4,300,000港元、擴展業務導致研發成本增加、法律及專業成本及生產行政成本上升所致。

融資成本主要是可換股票據之非現金實際利息開支3,600,000港元(二零一零年：4,000,000港元)。

於截至二零一一年九月三十日止三個月，本公司擁有人應佔溢利約61,600,000港元，增幅約為144.9%，而上一財政年度同期則約為25,200,000港元。每股基本盈利約2.48港仙，而去年同期則約為1.59港仙，增幅約為56.0%。

於二零一一年九月三十日，本集團之現金及銀行結餘約為189,200,000港元(二零一一年六月三十日：288,500,000港元)。該資金主要作推行有線數字電視業務及無線數字電視增值服務。本集團之資本負債比率(總借款除以股東資金)約為0.01(二零一一年六月三十日：0.01)。

業務回顧

截至二零一一年九月三十日止三個月，本集團繼續大力發展其主營業務，尤其是去年成立的有線數字電視業務。於回顧季度內，本集團於其有線數字電視業務及無線數字電視增值服務錄得顯著收益，但並無來自地面無線數字電視網絡設備集成業務之收益，加密芯片及無線數字音頻產品以及其各自所產生之集成業務之收益與去年同期相比則保持穩定。

(i) Digital cable television business

The revenue for the three months ended 30 September 2011 generated from the digital cable television business amounted to approximately HK\$48.4 million (2010:Nil) or approximately 28% (2010: Nil) of the total revenue.

During the first quarter ended 30 September 2011, the Group's network construction of three networks integration gained momentum and generated higher revenue from the businesses of television broadcasting operation in rural areas. Revenue from sales of approximately RMB36.0 million in total was recorded for this quarter, including revenue from 300,000 new subscribers for the television network in rural areas of Hebei. The Group also recorded operating income from share of basic subscription and other income from value-added technologies and market services of RMB3.9 million in total.

The addition of 300,000 television broadcasting subscribers in the rural areas of Hebei was completed during the first quarter of FY 2011/2012. The accumulation of 800,000 subscribers ensures the successful completion of the plan to have one million subscribers in Hebei in 2011. In addition to the continuous and steady development of the markets in Anhui and Hebei, the Group also developed the basic business of television broadcasting in the Shanxi market during the first quarter of FY 2011/2012, realizing new breakthrough and achievement.

For the network construction of three networks integration, as at 30 September 2011, the Group has invested approximately RMB70 million in the two-way network conversion in such pilot cities as Suzhou, Bozhou, Huainan and Huaibei. The two-way network conversion covers nearly 400,000 subscribers, with the addition of nearly 20,000 broadband subscribers and 7,000 interactive television subscribers. The network conversion in pilot cities is expected to be completed in the next quarter, covering approximately 600,000 subscribers by then. Currently, various packages of two-way value-added services are already designed and trial operation has been launched.

The Group will actively introduce such new business of cable two-way network as HD, PUSH VOD and HD pay-channels to increase the revenue from the two-way businesses. The Group will also strengthen its relationship with the media information content providers to lower the content cost, enrich the content of the two-way value-added businesses and strengthen the subscribers' loyalty.

(i) 有線數字電視業務

截至二零一一年九月三十日止三個月，來自自有線數字電視業務之收益約為48,400,000港元(二零一零年：無)，佔總收益額約28%(二零一零年：無)。

截至二零一一年九月三十日止第一季度，本集團三網融合之網路建設增長勢頭強勁。自農村廣電運營業務錄得較高收益，本季度合共錄得約人民幣36,000,000元之銷售收入，其中包括來自河北農村電視網路300,000名新用戶之收入。本集團並錄得分佔基礎收視費運營收入及其他增值技術及市場服務收入合共人民幣3,900,000元。

於二零一一／二零一二財政年度第一季度期間，本集團完成河北300,000名新農村廣電用戶之發展，累計有800,000名用戶，確保於二零一一年完成河北1,000,000名用戶之計劃。於二零一一／二零一二財政年度第一季度期間，本集團除繼續穩定發展安徽及河北市場外，還開拓了山西市場之廣電基礎業務，實現新突破及成就。

三網融合之網路建設方面，於二零一一年九月三十日，本集團已在宿州、亳州、淮南、淮北市各試點城市投資約人民幣70,000,000元於雙向網改方面。雙向網路改造覆蓋近400,000名用戶，以及近20,000名寬頻用戶及7,000名互動電視用戶。本集團預計將於下季度完成試點城市之網路改造工作，屆時將覆蓋約600,000名用戶。目前，本集團已設計多種雙向增值服務套餐方案，並已展開業務試運。

本集團將積極引進有線雙向網路新業務，包括高清、推送視頻點播(PUSH VOD)、高清付費頻道等，努力提高雙向業務收益，本集團亦將與媒資內容供應商加強聯繫，減低內容成本，豐富雙向增值業務內容，提高用戶之忠誠度。

In addition to the continuous development of the markets in Anhui, Hebei, Jiangxi and Shanxi, the Company aggressively explored the markets in Jiangsu, Shaanxi and Shandong provinces during the first quarter of FY 2011/2012, and expects to realize new breakthrough and achievement in the next quarter.

The Group will make more investment in research and development. During the fourth quarter of FY2010/2011, the Company obtained two software certifications and has become a software enterprise in Shenzhen. During this quarter, the Group submitted an application for the recognition as an enterprise of new and high technology which is now under review, and the Group's subsidiaries in Hebei and Beijing also obtained two software qualifications for enterprises.

(ii) Wireless digital television value-added services

The revenue for the three months ended 30 September 2011 generated from the wireless television value-added services amounted to approximately HK\$51.6 million (2010: Nil) or approximately 29% (2010: Nil) of the total revenue.

During the first quarter of FY 2011/2012, the Group signed contracts on wireless digital television operation in Hebei province to install 60,000 display panels in public areas in three years in the entire Hebei province. Currently, there are 6,000 display panels. Having obtained the 15-year operation right for the advertising value-added business, the Group recorded its first income of RMB20 million from advertising for this quarter and we anticipate that the Group will realize new breakthrough and achievement in the next quarter.

The Group has also entered into a 10-year cooperation agreement pursuant to which the parties agreed to jointly operate and develop the advertising business and value-added services of the digital wireless television project and 60,000 electronic displays in Hebei province. Under the agreement, the Group would receive a cooperation development fee of RMB200 million (equivalent to approximately HK\$244 million) in two installments to accelerate the development of the project. Up to 30 September 2011, the Group has received RMB100 million (equivalent to approximately HK\$122 million) for running this business.

The Group launched a house call service for the distance health care center of 301 Hospital during the first quarter of FY 2011/2012, which is also expected to see breakthrough in the next quarter.

於二零一一／二零一二年財政年度第一季度期間，本公司除繼續發展安徽、河北、江西及山西市場外，亦積極拓展江蘇、陝西、山東等省之市場，預期下季度將實現新突破及成就。

本集團將增大研發力度，於二零一零／二零一一年財政年度第四季度期間，本公司已通過雙軟認證，獲認為深圳市軟體企業；季內，本集團所申報有關高新技術企業認可資格之申請目前正獲審批；本集團在河北及北京之子公司也獲認可擁有企業之雙軟資格。

(ii) 無線數字電視增值服務

截至二零一一年九月三十日止三個月，無線電視增值服務帶來之收益約51,600,000港元(二零一零年：無)或約佔總收益29%(二零一零年：無)。

此外，於二零一一／二零一二年財政年度第一季度期間，本集團在河北省簽訂無線數字電視運營協定，將於三年內在河北全省裝設60,000塊公共位置顯示屏，目前則設有6,000塊顯示屏。本集團獲得廣告增值業務之15年經營權，並於本季度首次錄得人民幣20,000,000元之廣告收入，可望本集團在下季度實現新突破及成就。

本集團亦已訂立10年合作協議，據此，訂約方同意共同營運及開發廣告業務及無線數字電視項目增值服務，以及河北省之60,000塊電子顯示屏。根據該協議，本集團將會分兩期收取為數人民幣200,000,000元(相當於約244,000,000港元)之合作開發費用，以加快項目開發。截至二零一一年九月三十日，本集團已收訖人民幣100,000,000元(相當於約122,000,000港元)以營運該業務。

於二零一一／二零一二年財政年度第一季期間，本集團開展301醫院遠端醫學中心院外服務，亦預計下季度將有所突破。

(iii) Encrypted integrated circuits and the derived integrated business

The revenue for the three months ended 30 September 2011 generated from the information safety products business and the related technical services amounted to approximately HK\$27.5 million (2010: HK\$27.9 million) or approximately 16% (2010: 34%) of the total revenue. For the sales of set-top boxes, the accumulated sales for this quarter was 80,000 set-top boxes and related products. Revenue from sales of software only amounted to RMB 3 million as a result of the decrease of market demand during this quarter. Sale revenue from the provision of outsourcing development services to clients, which rides on the Group's advantages in research and development, amounted to RMB 4 million. As for cable television product market, with the assistance of externally engaged market and technology experts, the Group has developed new distribution channels for the technology development and services market, which set up a solid platform for further sales in the cable market. The Hubei Haixin (湖北海信) project is progressing well for now and will commence to make delivery of the products soon. As for communication products, we have won the bid for the procurement of FTTH products from the branch company of China Unicom in Jilin Province, and we are now preparing for making delivery of the products. As for the system integration projects, we have won the bids from Beihang University, China Southern Airlines and Xinhua Airlines. Those projects are progressing well and higher revenue will be expected when the projects are completed.

(iv) Wireless digital audio products business

The revenue for the three months ended 30 September 2011 generated from the wireless digital audio products business and the related technical services amounted to approximately HK\$48.0 million (2010: HK\$30.8 million) or approximately 27% (2010: 37%) of the total revenue, which was mainly attributable to the revenue from clients in Mainland. However, during the first quarter of FY 2011/2012, the demand from overseas customers in this business segment further increased as a result of the stronger demand from overseas market. The Group's market share has been growing correspondingly with the expanding scale of cooperation with the domestic and overseas clients over the past few years. This has provided the Group with high prospects of revenue and profit growth in future.

(iii) 加密芯片及所產生之集成業務

截至二零一一年九月三十日止三個月來自資訊安全產品業務及相關技術服務之收益約27,500,000港元(二零一零年: 27,900,000港元), 佔總收益約16%(二零一零年: 34%)。機頂盒銷售方面, 本季度累計銷售80,000台機頂盒及相關聯產品。由於本季度市場需求有所減少, 故軟體銷售收入僅錄得人民幣3,000,000元。憑藉本集團之研發優勢, 向客戶提供之外包開發服務銷售收入合共人民幣4,000,000元。有線電視產品市場方面, 在本集團外聘相關市場、技術專家之協助下, 本集團在技術開發以及服務市場上開拓全新分銷渠道, 為下一步有線市場銷售提供穩固之平台。湖北海信項目現時進展順利並即將供貨。通訊產品方面, 本集團已取得中國聯通吉林省分公司光纖入戶產品的標書, 現在正準備供貨。系統集成項目方面, 已中標之北航、南航、新華航空等項目之進展理想, 預期該等項目將於完成後錄得更高收益。

(iv) 無線數字音頻產品業務

截至二零一一年九月三十日止三個月, 來自無線數字音頻產品業務及相關技術服務之收益約48,000,000港元(二零一零年: 30,800,000港元), 佔總收益約27%(二零一零年: 37%), 主要來自國內客戶之收益。然而, 於二零一一年/二零一二年財政年度第一季度, 由於國外市場需求日益殷切, 令國外客戶之業務需求進一步上升。隨著過去數年本集團與國內外客戶合作之規模擴大, 市場份額亦相應增加, 為本集團日後之高額收益提供保障及利潤增長點。

(v) Wireless digital terrestrial television network equipment integration business

During the first quarter ended 30 September 2011, the Group did not record any revenue from the construction project of the wireless digital terrestrial television operating platform (2010: HK\$23.7 million). During the first quarter of FY 2011/2012, with the gradual shift in the overall direction of the Group's core business from wireless television business to cable television, we suspended some of our businesses for a smooth business transformation. This resulted in a substantial decrease in the overall sales and profit in this business segment as compared to those of the last quarter. We continued to increase our effort to recover trade receivables and the result was significant.

Prospects

The Group shall devote its resources to rapidly complete the overall transformation to cable television business, and commence value added business in the cable television and wireless television when conditions permit. The goal is to generate a diversified stable and long-lasting stream of revenue. At this transformation stage and particularly due to resource constraints to cope with significant growth, it is inevitable to re-prioritise projects. Higher commitments to certain projects may lead to decrease in revenue in others during the period of transformation.

The Group will also increase the investment in research and development, production, and sales in digital television two-way conversion products, and strive for better economic efficiencies. The Group will continue to joint- or self- develop more products targeted at the three largest operators, so as to expand the profit drivers.

(v) 地面無線數字電視網絡設備集成業務

截至二零一一年九月三十日止第一季度，本集團並無錄得來自地面無線數字電視營運平台之建設項目之任何收益(二零一零年：23,700,000港元)。於二零一一年／二零一二年財政年度第一季度，由於本集團整體業務方向將逐漸由無線電視業務轉為以有線電視為核心業務，故本公司為實現平穩業務轉型而暫停若干業務，因此這分部整體銷售額及溢利較上季度大幅下降。本集團繼續加強對應收賬款之回收力度，效果顯著。

前景

本集團將投放資源以迅速完成有線電視業務之整體轉型，在條件成熟時介入有線電視以及無線電視之增值服務，旨在帶來更多元化、穩定及長久之收益，然而，由於本集團正處於轉型階段，特別是為應付大幅增長而面臨資源限制，難以避免須重新制定項目次序。於轉型期間，為若干項目投放更多資源可能導致其他項目的收益下降。

本集團在數字電視雙向改造產品研發、生產及銷售方面將加大投資力度，並致力達至更理想之經濟效益。本集團將繼續引進合作，並自主研發更多針對三大運營商之產品，從而擴闊利潤增長點。

As a comprehensive supplier of wireless short-distance products from circuits to solutions, the Group's export sales for the first quarter increased significantly as compared to those for the same period of last year due to the recovery of the export markets. We have seen orders for mass production from new projects during the first quarter of FY2011/2012, and many enterprises are exploring new profit driver after the financial crisis. The number of new customers in the export segment of the Group has been significantly increased. It is expected that the Group can greatly expand its market share. Among all, Apple accessories project will become a highlight to the Group's business growth. The Group has been planning to explore the domestic market to expand the domestic market share before it suffered from the adverse impact on the export market, and has achieved remarkable results in terms of market shares and sales volume, which will be a great start for the domestic sales market. 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.

The Board announced that the Company had submitted a formal application form to the Stock Exchange on 24 October 2011 for the proposed transfer of listing of its shares from GEM to the Main Board of the Stock Exchange. The Directors believe that listing of its shares on the Main Board will enhance the profile of the Group and could improve trading liquidity of its Shares. The Directors also consider that listing of its shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group. Based on these achievements, the Group will further strengthen the operating management of existing businesses and input greater resources into the market development.

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

As at 30 September 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:

由於外銷市場有所復甦，本集團作為一間無線短距離產品（不論是晶片或解決方案）之綜合供應商，其第一季度之外銷較去年同期大幅提升。本集團之訂單在二零一一／二零一二年財政年度第一季度有新項目量產，而且大多企業都在金融危機後物色新利潤增長點。本集團外銷新客戶數量大幅增加，預期本集團將大幅擴大其市場份額。其中，蘋果配件項目將成為本集團業務增長之亮點。在外銷市場蒙受不利衝擊前，本集團已著手規劃開拓國內市場以擴大國內之市場份額，並已取得顯著成果，市場份額及銷售額均有所增加，此舉對內銷市場而言為好開始。本集團將加大力度進軍新消費及汽車電子市場，為本集團帶來新利潤高速增長點。

董事會宣佈，本公司已於二零一一年十月二十四日向聯交所提出正式申請，建議將其於創業板上上市之股份轉往聯交所主板。董事認為其股份在主板上市可提升本集團之形象及改善其股份買賣的流動性。董事亦認為其股份在主板上市將有利於未來發展、融資靈活性及本集團的業務發展。基於以上成就，本集團將進一步加強現有業務之營運管理及投入更多資源作市場發展。

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

於二零一一年九月三十日，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 名稱	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	Beneficial owner 實益擁有人	–	3,773,334	0.15%
Mr. Feng Yongming 馮永明先生	Beneficial owner 實益擁有人	–	1,500,000	0.06%
Mr. Li Tao 李濤先生	Beneficial owner 實益擁有人	–	1,500,000	0.06%
Mr. Xu Lei 徐雷先生	Beneficial owner 實益擁有人	–	800,000	0.03%
Mr. Leung Wo Ping 梁和平先生	Beneficial owner 實益擁有人	–	800,000	0.03%
Mr. Dong Shi 董石先生	Beneficial owner 實益擁有人	–	800,000	0.03%
Mr. Hu Dingdong 胡定東先生	Beneficial owner 實益擁有人	–	800,000	0.03%

Note:

Underlying shares represent share options granted to the Directors and the chief executive of the Company pursuant to share option scheme adopted by the Company on 13 March 2003.

Save as disclosed above, at no time during the three months ended 30 September 2011 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

附註：

相關股份指根據本公司於二零零三年三月十三日採納之購股權計劃授予本公司董事及主要行政人員之購股權。

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九月三十日止三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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 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:

Interests 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

根據證券及期貨條例第336條存置之主要股東登記冊所載，於二零一一年九月三十日，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：

於本公司股份及相關股份之權益

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(附註1)	623,690,451 (L)	Interest in controlled corporation 受控法團權益	25.08%
Team Effort Investments Limited (Note 1) (附註1)	623,690,451 (L)	Beneficial owner 實益擁有人	25.08%
Li Haoping (Note 2) 李浩平(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. Easy Mount Enterprises Limited ("Easy Mount") is a company incorporated in the BVI with limited liability. The entire issued share capital of Easy Mount is owned as to 85% by Lomond Group Limited ("Lomond Group") and 15% by Mr. Ho Wai Jung. Lomond Group and Mr. Li 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. The convertible notes are part of the consideration issued to Easy Mount upon satisfaction of certain conditions pursuant to a sale and purchase agreement in relation to shares of Star Hub Investments Limited entered by the Company, among others, and Easy Mount on 19 June 2008. The convertible note is transferable provided that each of the transfer shall not be less than HK\$5,000,000.00 or its multiples. Mr. Li is also deemed to be interested in the 38,500,000 shares held by Lomond Group and 46,138,443 shares held by Wealtheme Limited. Both Lomond Group and Wealtheme Limited are wholly owned by Mr. Li.

Save as disclosed above, as at 30 September 2011, the Directors or the chief executive of the Company were not aware of any other person (other than the Directors or the chief executive 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 (「Easy Mount」) 為於英屬維爾京群島註冊成立之有限公司。Easy Mount之全部已發行股本中由Lomond Group Limited (「Lomond Group」) 擁有85%及由何偉頌先生擁有15%。Lomond Group及李先生被視為於可換股票據所附之換股權行使而須予發行之319,224,863股股份中擁有權益。根據本公司(其中包括)與Easy Mount於二零零八年六月十九日就Star Hub Investments Limited股份訂立之買賣協議，可換股票據作為代價之一部份將於若干條件滿足後向Easy Mount發行。可換股票據在單次轉讓金額不低於5,000,000.00港元或其倍數之情況下可予轉讓。李先生亦被視為於Lomond Group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及Wealtheme Limited均由李先生全資擁有。

除上文所披露者外，於二零一一年九月三十日，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條所載之權益或短倉。

EMPLOYEE SHARE OPTION SCHEME

Details of the employee 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 2011. The following shows the outstanding positions of the eligible persons as at 30 September 2011 with respect to their share options granted under the scheme:

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二零一一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九月三十日之結餘情況如下：

Participants 參與者	Number of Shares (Note) 股份數目 (附註)					As of 30 September 2011 截至 二零一一年 九月三十日	Date of grant 授出日期	Exercise period 行使期	Exercise price per share 每股 行使價 HK\$ 港元
	As of 1 July 2011 截至 二零一一年 七月一日	Granted during the period 於期內授出	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				
Directors 董事									
Mr. Xiao Yan 肖彥先生	2,273,334	-	-	-	-	2,273,334	18/02/2009	18/03/2009- 17/03/2012	0.358
	1,500,000	-	-	-	-	1,500,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Feng Yongming 馮永明先生	1,500,000	-	-	-	-	1,500,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Li Tao 李濤先生	1,500,000	-	-	-	-	1,500,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Xu Lei 徐雷先生	800,000	-	-	-	-	800,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Leung Wo Ping 梁和平先生	800,000	-	-	-	-	800,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Dong Shi 董石先生	800,000	-	-	-	-	800,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Mr. Hu Dingdong 胡定東先生	800,000	-	-	-	-	800,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Subtotal 小計	9,973,334	-	-	-	-	9,973,334			
Other participants 其他參與者	22,300,000	-	-	-	-	22,300,000	13/04/2011	14/05/2011- 12/03/2013	1.54
Total 總計	32,273,334	-	-	-	-	32,273,334			

Note:

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

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。

LITIGATION

The Company was served on 20 December 2007 a writ of summons (the "Writ") whereby Mr. Chan Hak Kim, the plaintiff (the "Plaintiff") has claimed 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. The 2nd Defendant was a former executive Director who was appointed on 11 September 2002 and resigned on 5 June 2007.

The Plaintiff claims (the "Claim") against (1) the Company in the total sum of HK\$5,000,000 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 and which cheques were dishonoured together with interest and cost; 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, given by the 2nd Defendant in his personal capacity out of a bank account which had been by then formally closed by the Company.

The Company filed its defence on 28 March 2008 and witness statement on 30 July 2009. The witness statements had been exchanged. 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 took place 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 for about 7 days from 4 January 2012. Based on the advice from the Group's legal counsel, 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 Directors are of the view that the Company has a valid defence to the claims and, accordingly, have not made provision for any claim arising from the litigation, other than the related legal and outgoing costs.

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。次被告乃前任執行董事，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。

原告就以下各項提出索償(「索償」)(1)透過兩張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，向本公司提出索償總金額5,000,000港元，該支票連同利息及費用均不獲兌現；及(2)向被告共同及個別提出索償損害賠償總金額25,000,000港元以上或上述支票所欠付之總金額5,000,000港元連同利息及費用，該筆金額由次被告以個人身份開立之銀行戶口提供，而該銀行戶口其後被本公司正式結束。

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，而證人陳述書已經交換。審訊已於二零一零年十一月二十四日進行，雙方其後試圖達成全面和解。然而，經過原告及次被告長時間磋商後，雙方無法達成和解。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起進行為期約七日之押後審訊。根據本集團法律顧問之意見，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。董事認為，本公司對申索擁有有效的理據，因此，除有關法律及其他費用外，本公司並無對任何由該等訴訟引起之申索作出撥備。

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 30 September 2011.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the controlling shareholders of the Company or their associates (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 have 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 of the date, 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 three months ended 30 September 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 three months ended 30 September 2011.

除上文所披露者外，於二零一一年九月三十日，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。

董事於競爭業務之權益

本公司各董事或控股股東或彼等之聯繫人(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。截至該日，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

於截至二零一一年九月三十日止三個月內，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九月三十日止三個月內，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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 September 2011.

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

Hong Kong, 11 November 2011

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.

購買、出售或贖回本公司之上市證券

截至二零一一年九月三十日止三個月，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。

承董事會命
恒芯中國控股有限公司
 行政總裁
肖彥

香港，二零一一年十一月十一日

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。



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

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