



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

Interim Report

中期報告

* 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 and six months ended 31 December 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」)截至二零一一年十二月三十一日止三個月及六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。

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收入表

		Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月		
		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					
Revenue	收益	3	245,710	235,787	421,135	318,164
Cost of sales	銷售成本		(178,859)	(162,232)	(239,104)	(204,017)
Gross profit	毛利		66,851	73,555	182,031	114,147
Other income	其他收入	3	32,757	6,559	32,812	8,056
Selling and marketing expenses	銷售及市場推廣開支		(14,762)	(1,242)	(17,389)	(2,449)
Other operating expenses	其他經營費用		(19,847)	(11,375)	(42,572)	(20,611)
Finance costs	融資成本	4	(3,661)	(4,437)	(7,307)	(8,862)
Profit before taxation	除稅前溢利	5	61,338	63,060	147,575	90,281
Taxation	稅項	6	(1,756)	(6,837)	(26,347)	(6,837)
Profit for the period	期內溢利		59,582	56,223	121,228	83,444
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		2,985	10,777	23,378	17,344
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收入總額		62,567	67,000	144,606	100,788

CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (Continued)

簡明綜合全面收入表 (續)

		Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月	
		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				
Profit attributable to:	應佔溢利：				
Owners of the Company	本公司擁有人	59,582	53,612	121,228	78,783
Non-controlling interest	非控股股東權益	—	2,611	—	4,661
		59,582	56,223	121,228	83,444
Total comprehensive income attributable to:	應佔全面收入總額：				
Owners of the Company	本公司擁有人	62,567	63,830	144,606	95,159
Non-controlling interests	非控股股東權益	—	3,170	—	5,629
		62,567	67,000	144,606	100,788
Earnings per share (expressed in HK cent)	每股盈利 (以港仙列值)				
— basic	— 基本	2.40	2.88	4.87	4.58
— diluted	— 攤薄	2.36	2.36	4.74	3.85
Dividends	股息	8	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

簡明綜合財務狀況表

		Note 附註	As at 31 December 2011 於二零一一年 十二月三十一日 (Unaudited) (未經審核) HK\$'000 千港元	As at 30 June 2011 於二零一一年 六月三十日 (Audited) (經審核) HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	212,418	123,215
Goodwill	商譽		753,146	753,146
Intangible assets	無形資產	10	153,920	77,772
Deposits for acquisition of property, plant and equipment	收購物業、廠房及 設備之按金		33,188	32,739
Trade receivables	應收賬款	11	—	57,807
			1,152,672	1,044,679
Current assets	流動資產			
Inventories	存貨		57,217	7,098
Bills receivables	應收票據		14,136	—
Trade receivables	應收賬款	11	612,269	509,956
Prepayment, deposits and other receivables	預付款項、按金及 其他應收款項		602,222	260,062
Financial assets at fair value through profit or loss	按公平值計入損益表 之金融資產		4,380	8,550
Amount due from a related company	應收一間關連公司款項		—	50,257
Cash and cash equivalents	現金及現金等價物		152,615	288,477
			1,442,839	1,124,400
Current liabilities	流動負債			
Trade payables	應付賬款	12	171,692	125,164
Other payables and accruals	其他應付款項及應計費用		243,334	29,098
Promissory note	承兌票據		8,000	8,000
Obligation under finance lease	融資租約責任		391	375
Other borrowings	其他借款		—	12,041
Tax payables	應繳稅項		67,823	41,675
			491,240	216,353
Net current assets	流動資產淨值		951,599	908,047
Total assets less current liabilities	總資產減流動負債		2,104,271	1,952,726
Non-current liabilities	非流動負債			
Obligation under finance lease	融資租約責任		311	511
Deferred tax liabilities	遞延稅項負債		1,983	1,983
Convertible notes	可換股票據	13	271,643	264,504
			273,937	266,998
NET ASSETS	資產淨值		1,830,334	1,685,728
Capital and reserves	資本及儲備			
Share capital	股本		24,871	24,871
Reserves	儲備		1,805,463	1,660,857
TOTAL EQUITY	權益總額		1,830,334	1,685,728

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

		Unaudited 未經審核										
		Attributable to the owners of the Company 本公司擁有人應佔								Non-controlling interests 非控股股東權益		Total equity 權益總額
		Share capital 股本 HK\$'000 千港元	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	Other reserve 其他儲備 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		Total 總計 HK\$'000 千港元
Balance at 1 July 2010	於二零一零年七月一日之結餘	15,639	491,372	2,325	3,905	—	1,696	300,800	242,306	1,058,043	29,575	1,087,618
Issue of new shares	發行新股份	2,781	252,315	—	—	—	—	—	—	255,096	(34,871)	220,225
Issue of convertible notes	發行可換股票據	—	—	—	—	—	—	14,917	—	14,917	—	14,917
Conversion of convertible notes	兌換可換股票據	4,854	288,059	—	—	—	—	—	(181,463)	111,450	—	111,450
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	920	66,365	—	—	—	(845)	—	—	66,440	—	66,440
Share issue expenses	發行股份開支	—	(1,809)	—	—	—	—	—	—	(1,809)	—	(1,809)
Recognition of share-based payments	確認以股份為基礎付款	—	—	—	—	—	669	—	—	669	—	669
Total comprehensive income for the six months ended 31 December 2010	截至二零一零年十二月三十一日止六個月之全面收入總額	—	—	—	17,344	—	—	—	78,783	96,127	5,629	101,756
Balance at 31 December 2010	於二零一零年十二月三十一日之結餘	24,804	1,095,692	2,325	21,249	—	1,520	134,254	321,089	1,600,933	333	1,601,266
Balance at 1 July 2011	於二零一一年七月一日之結餘	24,871	1,107,946	2,325	40,861	(79,992)	11,215	134,254	444,248	1,685,728	—	1,685,728
Total comprehensive income for the six months ended 31 December 2011	截至二零一一年十二月三十一日止六個月之全面收入總額	—	—	—	23,378	—	—	—	121,228	144,606	—	144,606
Balance at 31 December 2011	於二零一一年十二月三十一日之結餘	24,871	1,107,946	2,325	64,239	(79,992)	11,215	134,254	565,476	1,830,334	—	1,830,334

CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS

簡明綜合現金流量表

		Six months ended 31 December 截至十二月三十一日止六個月	
		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
Net cash from operating activities	經營活動所得現金淨額	31,271	29,952
Net cash used in investing activities	投資活動所用現金淨額	(165,687)	(168,532)
Net cash (used in)/from financing activities	融資活動(所用)/所得現金淨額	(12,349)	441,346
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物之(減少)/增加淨額	(146,765)	302,766
Cash and cash equivalents at 1 July	於七月一日之現金及現金等價物	288,477	65,401
Effect of foreign exchange rate changes	匯率變動之影響	10,903	15,243
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	152,615	383,410
Analysis of balances of cash and cash equivalents	現金及現金等價物之結餘分析		
Cash at bank and in hand	銀行存款及現金	152,615	383,410

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 financial statements for the six months ended 31 December 2011 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and comply with the applicable disclosure provisions 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 2011. These unaudited consolidated financial statements 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 financial statements 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一直在聯交所創業板上上市。

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

截至二零一一年十二月三十一日止六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會計準則第34號「中期財務報告」及遵守創業板上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。該等未經審核綜合財務報表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。

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised by category during the three and six months ended 31 December 2011 are as follows:

3. 收益及分部資料

截至二零一一年十二月三十一日止三個月及六個月之收益分類確認如下：

		Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月	
		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
Revenue	收益				
Digital cable television business	有線數字電視業務	25,232	—	73,622	—
Wireless digital television value-added services	無線數字電視增值服務	—	—	51,565	—
Wireless digital terrestrial television network equipment integration business	地面無線數字電視網絡設備集成業務	125,514	103,424	125,514	127,120
Encrypted integrated circuits and the derived integrated business	加密芯片及所產生之集成業務	16,770	51,827	44,289	79,705
Wireless digital audio products business	無線數字音頻產品業務	78,194	80,536	126,145	111,339
		245,710	235,787	421,135	318,164
Other income	其他收入				
Bank interest income	銀行利息收入	483	31	538	77
Sundry income	雜項收入	32,274	5,817	32,274	7,268
Realised gain on trading of listed securities	出售上市證券之已變現收益	—	711	—	711
		32,757	6,559	32,812	8,056

3. REVENUE AND SEGMENT INFORMATION (Continued)

The segment results for the six months ended 31 December 2011 are as follows:

	Digital cable television business	Wireless digital television value-added services	Wireless digital terrestrial television network equipment integration	Encrypted integrated circuits	Wireless digital audio integrated circuits	Total
	有線數字電視業務 HK\$'000 千港元 (Unaudited) (未經審核)	無線數字電視增值服務 HK\$'000 千港元 (Unaudited) (未經審核)	地面無線數字電視網絡設備集成 HK\$'000 千港元 (Unaudited) (未經審核)	加密芯片 HK\$'000 千港元 (Unaudited) (未經審核)	無線數字音頻芯片 HK\$'000 千港元 (Unaudited) (未經審核)	總計 HK\$'000 千港元 (Unaudited) (未經審核)
Revenue						
Segment revenue from external customers	73,622	51,565	125,514	44,289	126,145	421,135
Segment results	43,619	42,928	(348)	49,351	39,020	174,570
Unallocated income						6
Unallocated expenses						(19,694)
Finance costs						(7,307)
Profit before taxation						147,575
Taxation						(26,347)
Profit for the six months ended 31 December 2011						121,228

The segment results for the six months ended 31 December 2010 are as follows:

	Wireless digital terrestrial television network equipment integration	Encrypted integrated circuits	Wireless digital audio integrated circuits	Total
	地面無線數字電視網絡設備集成 HK\$'000 千港元 (Unaudited) (未經審核)	加密芯片 HK\$'000 千港元 (Unaudited) (未經審核)	無線數字音頻芯片 HK\$'000 千港元 (Unaudited) (未經審核)	總計 HK\$'000 千港元 (Unaudited) (未經審核)
Revenue				
Segment revenue from external customers	127,120	79,705	111,339	318,164
Segment results	24,651	64,398	15,752	104,801
Unallocated income				8,056
Unallocated expenses				(13,714)
Finance costs				(8,862)
Profit before taxation				90,281
Taxation				(6,837)
Profit for the six months ended 31 December 2010				83,444

3. 收益及分部資料 (續)

截至二零一一年十二月三十一日止六個月之分部業績如下：

截至二零一零年十二月三十一日止六個月之分部業績如下：

4. FINANCE COSTS

4. 融資成本

	Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月	
	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
Effective interest expenses on convertible notes (note 13)	3,570	4,106	7,140	8,153
Interest element of finance leases	16	22	32	46
Interest on loan from a shareholder	75	—	135	354
Interest on bank loans	—	309	—	309
	3,661	4,437	7,307	8,862

5. PROFIT FOR THE PERIOD

5. 期內溢利

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

本集團期內溢利乃經扣除下列各項後列賬：

	Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月	
	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
Cost of inventories recognised as expense	178,687	163,270	238,239	201,468
Depreciation	3,129	429	4,073	1,053
Exchange loss	621	—	1,044	—
Loss on fair value changes of financial assets at fair value through profit or loss	(90)	—	4,170	—
Operating lease charges				
— equipments and motor vehicles	1,176	180	1,326	586
— office premises	1,022	882	2,376	1,797
— staff quarter	669	141	1,327	261
Research and development costs	3,754	1,330	5,996	1,901
Staff costs (including Directors' emoluments)				
— salaries and allowances	4,825	3,762	9,435	7,028
— pension scheme contributions	115	15	235	29

6. TAXATION

6. 稅項

		Three months ended 31 December 截至十二月三十一日 止三個月		Six months ended 31 December 截至十二月三十一日 止六個月	
		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
Current tax:	即期稅項：				
Hong Kong	香港				
— charge for the period	— 本期間支出	—	—	—	—
Overseas	海外				
— charge for the period	— 本期間支出	1,756	6,837	26,347	6,837
		1,756	6,837	26,347	6,837

The provision for Hong Kong profits tax for the six months ended 31 December 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"), wholly 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-making year of Beijing Jinqiao and Beijing Zhongguang for the purpose of CIT exemption respectively.

截至二零一一年十二月三十一日止六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

(a) Basic

Basic earnings per share for the three months ended 31 December 2011 is calculated by dividing the consolidated profit attributable to the owners of the Company for the three months ended 31 December 2011 of HK\$59,582,000 (2010: HK\$53,612,000) by the weighted average number of 2,487,092,000 (2010: 1,863,045,000) ordinary shares in issue during the period.

Basic earnings per share for the six months ended 31 December 2011 is calculated by dividing the consolidated profit attributable to the owners of the Company for the six months ended 31 December 2011 of HK\$121,228,000 (2010: HK\$78,783,000) by the weighted average number of 2,487,092,000 (2010: 1,721,146,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the three months ended 31 December 2011 is calculated by dividing the adjusted profit attributable to the owners of the Company for the three months ended 31 December 2011 of HK\$63,153,000 (2010: HK\$57,718,000) by the total of the weighted average number of ordinary shares of 2,671,353,000 (2010: 2,447,277,000) 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 for the three months ended 31 December 2011 is calculated based on the profit attributable to the owners of the Company for the period of HK\$59,582,000 (2010: HK\$53,612,000) as used in the calculation of basic earnings per share plus effective interest expenses on convertible notes of HK\$3,570,000 (2010: HK\$4,106,000).

Diluted earnings per share for the six months ended 31 December 2011 is calculated by dividing the adjusted profit attributable to the owners of the Company for the six months ended 31 December 2011 of HK\$128,369,000 (2010: HK\$86,936,000) by the total of the weighted average number of ordinary shares of 2,707,704,000 (2010: 2,256,667,000) outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares.

7. 每股盈利

(a) 基本

每股基本盈利乃按截至二零一一年十二月三十一日止三個月本公司擁有人應佔綜合溢利59,582,000港元(二零一零年: 53,612,000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: 1,863,045,000股)計算。

每股基本盈利乃按截至二零一一年十二月三十一日止六個月本公司擁有人應佔綜合溢利121,228,000港元(二零一零年: 78,783,000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: 1,721,146,000股)計算。

(b) 每股攤薄盈利

每股攤薄盈利乃按截至二零一一年十二月三十一日止三個月本公司擁有人應佔經調整溢利63,153,000港元(二零一零年: 57,718,000港元)·除以期內已發行普通股加權平均數2,671,353,000股(二零一零年: 2,447,277,000股)之總額·經調整所有攤薄潛在普通股之影響後計算。

截至二零一一年十二月三十一日止三個月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59,582,000港元(二零一零年: 53,612,000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: 4,106,000港元)計算。

截至二零一一年十二月三十一日止六個月之每股攤薄盈利乃按本公司擁有人應佔經調整溢利128,369,000港元(二零一零年: 86,936,000港元)·除以期內已發行普通股加權平均數2,707,704,000股(二零一零年: 2,256,667,000股)之總額·經調整所有攤薄潛在普通股之影響後計算。

7. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

The adjusted profit attributable to the owners of the Company for the six months ended 31 December 2011 is calculated based on the profit attributable to the owners of the Company for the period of HK\$121,228,000 (2010: HK\$78,783,000) as used in the calculation of basic earnings per share plus effective interest expenses on convertible notes of HK\$7,140,000 (2010: HK\$8,153,000).

The weighted average number of ordinary shares used in the calculation of diluted earnings per share for the three months and six months ended 31 December 2011 is calculated based on the weighted average of 2,487,092,000 (2010: 1,863,045,000) and 2,487,092,000 (2010: 1,721,146,000) ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the weighted average of 1,218,000 (2010: 19,009,000) and 1,498,000 (2010: 22,184,000) 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 183,043,000 (2010: 565,223,000) and 219,115,000 (2010: 513,337,000) ordinary shares deemed to be issued at no consideration as if all the Company's convertible notes had been converted for the three months and six months ended 31 December 2011 respectively.

The calculation of the diluted earnings per share for the three months and six months ended 31 December 2011 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 prices of the Company's shares for the corresponding period.

8. INTERIM DIVIDEND

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

9. PROPERTY, PLANT AND EQUIPMENT

Opening net book amount	期初賬面淨值
Additions	添置
Disposals	出售
Depreciation	折舊
Exchange realignment	匯兌調整

Closing net book amount 期末賬面淨值

7. 每股盈利 (續)

(b) 每股攤薄盈利 (續)

截至二零一一年十二月三十一日止六個月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121,228,000港元(二零一零年: 78,783,000港元)另加可換股票據之實際利息開支7,140,000港元(二零一零年: 8,153,000港元)計算。

截至二零一一年十二月三十一日止六個月之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: 1,863,045,000股)及2,487,092,000股(二零一零年: 1,721,146,000股)另加視為無償發行之普通股加權平均數1,218,000股(二零一零年: 19,009,000股)及1,498,000股(二零一零年: 22,184,000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183,043,000股(二零一零年: 565,223,000股)及219,115,000股(二零一零年: 513,337,000股)(猶如本公司所有可換股票據已分別於截至二零一一年十二月三十一日止三個月及六個月兌換)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,故此在計算截至二零一一年十二月三十一日止三個月及六個月之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。

8. 中期股息

董事會不建議派發截至二零一一年十二月三十一日止六個月之中期股息(二零一零年: 無)。

9. 物業、廠房及設備

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
Opening net book amount	期初賬面淨值	123,215	7,187
Additions	添置	92,047	116,815
Disposals	出售	—	(65)
Depreciation	折舊	(4,073)	(4,087)
Exchange realignment	匯兌調整	1,229	3,365
Closing net book amount	期末賬面淨值	212,418	123,215

10. INTANGIBLE ASSETS

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
Technology fee and development costs	技術費用及開發成本		
Opening net book amount	期初賬面淨值	77,772	34,107
Additions	添置	122,846	44,642
Disposals	出售	(48,668)	—
Impairment	減值	—	(3,814)
Exchange realignment	匯兌調整	1,970	2,837
Closing net book amount	期末賬面淨值	153,920	77,772

10. 無形資產

11. TRADE RECEIVABLES

The Group's credit terms are negotiated at terms determined and agreed with its customers.

11. 應收賬款

本集團之信貸期乃經與客戶磋商及協定而訂立。

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收賬款	625,477	580,971
Less: allowance for doubtful debts	減：呆賬撥備	(13,208)	(13,208)
		612,269	567,763
Less: portion classified as current assets	減：分類為流動資產部份	612,269	(509,956)
Non-current portion	非流動部份	—	57,807

11. TRADE RECEIVABLES (Continued)

The ageing analysis of the trade receivables is as follows:

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
0 — 30 days	零至三十日	192,645	149,841
31 — 90 days	三十一至九十日	50,218	40,512
91 — 180 days	九十一至一百八十日	83,901	88,664
Over 180 days	一百八十日以上	298,713	301,954
		625,477	580,971

The ageing analysis of trade receivables that were past due but not impaired is as follows:

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
0 — 30 days	零至三十日	28,199	50,738
31 — 90 days	三十一至九十日	42,114	72,636
91 — 180 days	九十一至一百八十日	54,418	51,302
Over 180 days	一百八十日以上	38,167	81,816
		162,898	256,492

11. 應收賬款 (續)

應收賬款之賬齡分析如下：

逾期但並未減值之應收賬款賬齡分析如下：

12. TRADE PAYABLES

12. 應付賬款

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付賬款	171,692	125,164
Other payables and accruals	其他應付款項及應計費用	16,006	22,331
Receipts in advance	預收賬款	227,328	6,767
		415,026	154,262

The ageing analysis of the trade payables is as follow:

應付賬款之賬齡分析如下：

		31 December 2011 二零一一年 十二月三十一日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2011 二零一一年 六月三十日 HK\$'000 千港元 (Audited) (經審核)
Within 30 days	三十日以內	112,549	76,058
31 — 60 days	三十一至六十日	9,449	7,936
61 — 90 days	六十一至九十日	13,221	14,138
Over 90 days	九十日以上	36,473	27,032
		171,692	125,164

13. CONVERTIBLE NOTES

- (a) Convertible notes with an aggregate amount of HK\$264,725,020 issued on 4 December 2009

On 4 December 2009, an aggregate of HK\$264,725,020 principal amount of redeemable convertible notes were issued upon fulfillment of the fourth payment condition of the "Jinqiao Acquisition" and "Maxium Acquisition". Further details are set out in the Company's announcement dated 4 December 2009.

The notes carry zero coupon and convertible into ordinary shares of the Company at an initial conversion price of HK\$0.34 per conversion share (subject to pro-rata adjustments on capital structure changes) at any time during the period commencing from the date of issue of convertible notes. Unless previously converted, lapsed or redeemed by the Company, any outstanding convertible notes shall be redeemed on the fifth anniversary of the issue date of the convertible notes.

The fair value of the liability component, included in the convertible notes, was calculated using a market interest rate for an equivalent non-convertible note. The fair value of the equity conversion component, which is included in shareholders' equity in convertible notes reserve, was valued by the Black-Scholes-Merton option pricing model. Interest expenses on the convertible notes issued are calculated using the effective interest method by applying the effective interest rate of approximately 9.59% to the liability components.

As at 31 December 2011, the outstanding principal amount of such convertible notes was HK\$105,024,980.

13. 可換股票據

- (a) 於二零零九年十二月四日發行總額為264,725,020港元之可換股票據

於二零零九年十二月四日，於「金橋收購事項」及「明芯收購事項」第四期付款條件達成後發行本金額合共264,725,020港元之可贖回可換股票據。進一步詳情載於本公司日期為二零零九年十二月四日之公告內。

該等票據為零票息，於可換股票據發行當日起計期間內任何時間可按每股換股股份0.34港元（可於資本結構變動時按比例作出調整）之初步兌換價兌換為本公司普通股。除先前因兌換、失效或由本公司贖回外，任何尚未兌換之可換股票據須於可換股票據發行日期之第五週年當日贖回。

可換股票據負債部份之公平值乃按同等不可換股票據之市場利率計算。權益兌換部份之公平值以柏力克－舒爾斯－默頓期權定價模型進行估值，並計入可換股票據儲備之股東權益內。已發行之可換股票據之利息開支乃按實際利率法，就負債部份以約9.59%之實際利率計算。

於二零一一年十二月三十一日，該等可換股票據之尚未兌換本金額為105,024,980港元。

13. CONVERTIBLE NOTES (Continued)

- (b) Convertible notes with an aggregate amount of HK\$200,000,000 issued on 28 December 2010

On 28 December 2010, an aggregate of HK\$200,000,000 principal amount of redeemable convertible notes were issued to Sandmartin International Holdings Limited. Further details are set out in the Company's announcement dated 17 December 2010.

The notes carry zero coupon and convertible into ordinary shares of the Company at an initial conversion price of HK\$2.00 per conversion share (subject to pro-rata adjustments on capital structure changes) at any time during the period commencing from the date immediately after the expiry of six months from the date of issue of convertible notes. Unless previously converted, lapsed or redeemed by the Company, any outstanding convertible notes shall be redeemed on the second anniversary of the issue date of the convertible notes.

The fair value of the liability component, included in the convertible notes, was calculated using a market interest rate for an equivalent non-convertible note. The fair value of the equity conversion component, which is included in shareholders' equity in convertible notes reserve, was valued by the Black-Scholes-Merton option pricing model. Interest expenses on the convertible notes issued are calculated using the effective interest method by applying the effective interest rate of approximately 4.234% to the liability components.

The liability component of the convertible notes recognised under non-current liabilities of the balance sheet are calculated as follows:

		HK\$'000 千港元 (Unaudited) (未經審核)
At 1 July 2011	於二零一一年七月一日	264,503
Effective interest expenses for the period	本期間之實際利息開支	7,140
At 31 December 2011	於二零一一年十二月三十一日	271,643

13. 可換股票據 (續)

- (b) 於二零一零年十二月二十八日發行總額為200,000,000港元之可換股票據

於二零一零年十二月二十八日，本金額合共200,000,000港元之可贖回可換股票據已發行予聖馬丁國際控股有限公司。進一步詳情載於本公司日期為二零一零年十二月十七日之公告內。

該等票據為零票息，於緊隨可換股票據發行當日起計六個月屆滿後當日起計期間內任何時間可按每股換股股份2.00港元（可於資本結構變動時按比例作出調整）之初步兌換價兌換為本公司普通股。除先前兌換、失效或由本公司贖回外，任何尚未兌換之可換股票據須於可換股票據發行日期之第二週年當日贖回。

可換股票據負債部份之公平值乃按同等不可換股票據之市場利率計算。權益兌換部份之公平值以柏力克-舒爾斯-默頓期權定價模型進行估值，並計入可換股票據儲備之股東權益內。已發行之可換股票據之利息開支乃按實際利率法，就負債部份以約4.234%之實際利率計算。

於資產負債表內非流動負債確認之可換股票據負債部份計算如下：

14. RELATED PARTY TRANSACTIONS

- (i) The Group has carried out the following transactions with related parties:

		Six months ended 31 December 截至十二月三十一日止六個月	
		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)
Sales of goods/services to Beijing Hengtai Technologies Co., Ltd.	向北京恒泰科技 有限責任公司銷售產品／服務	264	4,392
Purchase of goods/services from Beijing Hengtai Technologies Co., Ltd.	向北京恒泰科技 有限責任公司購買產品／服務	171,282	36,911

Note:

Tian Songlin, a director of Beijing Jinqiao Hengtai Technology Company Limited, a wholly-owned subsidiary of the Company, was also a director of Beijing Hengtai Technologies Co., Ltd. up to 13 December 2011.

The Directors are of the opinion that the above transactions were carried out in the ordinary course of the Group's business based on normal commercial terms.

- (ii) Compensation of key management personnel of the Group:

		Six months ended 31 December 截至十二月三十一日止六個月	
		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)
Short term employee benefits	短期僱員福利	1,800	2,612
Post-employment benefits contribution plans	退休後福利供款計劃	6	12
Total compensation paid to key management personnel	已付主要管理人之薪酬總額	1,806	2,624

14. 有關連人士交易

- (i) 本集團與有關連人士進行之交易如下：

Six months ended 31 December
截至十二月三十一日止六個月

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)
264	4,392
171,282	36,911

附註：

北京金橋恒泰科技有限公司(本公司之全資附屬公司)董事田松林先生，亦為北京恒泰科技有限責任公司之董事，直至二零一一年十二月十三日止。

董事認為，上述交易乃於本集團日常經營過程中按照一般商業條款進行。

- (ii) 本集團主要管理人員之薪酬：

Six months ended 31 December
截至十二月三十一日止六個月

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)
1,800	2,612
6	12
1,806	2,624

MANAGEMENT DISCUSSIONS AND ANALYSIS

Financial review

For the six months ended 31 December 2011, the Group recorded a consolidated revenue of approximately HK\$421.1 million, representing an increase of approximately 32.4% when compared to approximately HK\$318.2 million for the corresponding period in the last financial year. Revenue for the three months ended 31 December 2011 amounted to approximately HK\$245.7 million, representing an increase of approximately 40.1% when compared to HK\$175.4 million of the preceding quarter.

Gross profit margin of the Group for the period was approximately 43%, an increase of about 7% from the corresponding period of last year.

Other income amounted to approximately HK\$32.8 million, an increase of around 307.3% when compared to approximately HK\$8.1 million for the corresponding period in the last financial year. The increase is mainly due to the disposal of certain idle intellectual properties of the Group.

Other operating expenses amounted to approximately HK\$42.6 million for the six months ended 31 December 2011, representing an increase of 106.5% when compared to HK\$20.6 million for the six months ended 31 December 2010.

Finance costs amounted to approximately HK\$7.3 million, of which approximately HK\$7.1 million represents effective non-cash interest expenses on convertible notes issued by the Company in December 2010 and December 2011 respectively.

The profit attributable to the owners of the Company amounted to approximately HK\$121.2 million for the six months ended 31 December 2011, representing an increase of approximately 53.9% compared to approximately HK\$78.8 million in the corresponding period in the previous financial year.

Basic earnings per share for the six months ended 31 December 2011 was approximately HK4.87 cents, representing an increase of approximately 6.3% compared to HK4.58 cents for the corresponding period of the last year.

管理層討論及分析

財務回顧

於截至二零一一年十二月三十一日止六個月，本集團錄得綜合收益約421,100,000港元，較上一財政年度同期之約318,200,000港元增加約32.4%。截至二零一一年十二月三十一日止三個月之收益約為245,700,000港元，較上一季度之175,400,000港元增長約40.1%。

本期間本集團之毛利率約為43%，較去年同期增加約7%。

其他收入約為32,800,000港元，較上一財政年度同期約8,100,000港元增加約307.3%。收入增加主要由於本集團出售若干閒置知識產權。

截至二零一一年十二月三十一日止六個月之其他經營費用約為42,600,000港元，較截至二零一零年十二月三十一日止六個月之20,600,000港元增加106.5%。

融資成本約為7,300,000港元，其中約7,100,000港元為本公司分別於二零一零年十二月及二零一一年十二月發行之可換股票據產生之實際非現金利息開支。

截至二零一一年十二月三十一日止六個月，本公司擁有人應佔溢利約為121,200,000港元，較上一財政年度同期之約78,800,000港元增加約53.9%。

截至二零一一年十二月三十一日止六個月之每股基本盈利約為4.87港仙，較去年同期之4.58港仙增加約6.3%。

Property, plant and equipment amounted to approximately HK\$212.4 million as at 31 December 2011, an increase of around 72.4% when compared to HK\$123.2 million as at 30 June 2011. The increase was mainly due to the purchases of components, such as underground cable lines, optical transmission equipment and other equipment to enable the delivery of the intended digital cable television services in different target regions and pilot cities, which were purchased from the local television operators and other suppliers selected by the Group.

Intangible assets amounted to approximately HK\$153.9 million as at 31 December 2011, an increase of around 97.9% when compared to HK\$77.8 million as at 30 June 2011. The increase was mainly due to the purchase of intellectual properties for the Group's wireless digital terrestrial television and encrypted integrated circuits business.

Prepayment, deposits and other receivables amounted to approximately HK\$602.2 million as at 31 December 2011, an increase of approximately 131.6% when compared to HK\$260.1 million as at 30 June 2011. The increase was mainly due to the RMB100 million not yet received from Beijing Huaxia as explained below, and prepayments to suppliers for purchase of goods and services as a result of the Group's expanding business and increased engagements for implementation of its core digital cable television business in different provinces, including Hebei, Anhui, Jiangxi and Shanxi, in PRC during the period under review. The prepayment was made in the Group's ordinary and usual course of business.

As announced by the Company on 24 August 2011, the Group has entered into a cooperation agreement with 北京華夏力通傳媒科技有限公司 (Beijing Huaxia Innomedia Technology Co., Ltd. ("Beijing Huaxia")), to jointly operate and develop the advertising business and value-added services of the digital mobile television project and 60,000 electronic displays in Hebei province ("Hebei Mobile Advertising Business") for 10 years. Amongst others, Beijing Huaxia shall contribute to the Hebei Mobile Advertising Business a cooperation development fee of RMB200 million in two installments on the fifteenth business day and the thirtieth business day from the date of the cooperation agreement to accelerate the development of the project. The Group has received RMB100 million from Beijing Huaxia. The remaining payment of RMB100 million has not yet received as the Group has taken a longer time than originally expected to prepare and plan for the roll out of the new advertising panels. Given that the payment from Beijing Huaxia is to assist the Group in purchasing the new advertising panels, as a result of the delay of the Group's own plan to add the new advertising panels, Beijing Huaxia has correspondingly delayed the payment of the remaining RMB100 million to the Group. The delay in rolling out the new advertising display panels does not materially affect the business operations of the Group. The receivable of RMB100 million has been included in prepayment, deposits and other receivables balance.

於二零一一年十二月三十一日，物業、廠房及設備約為212,400,000港元，較二零一一年六月三十日之123,200,000港元增加約72.4%。錄得增幅主要是由於購買元件（例如地下電纜線路、光傳輸設備及其他設備），從而於可不同目標地區及試點城市提供擬進行的有線數字電視服務，有關設備乃向本集團所選擇之當地電視營運商及其他供應商購買。

於二零一一年十二月三十一日，無形資產約為153,900,000港元，較二零一一年六月三十日之77,800,000港元增加約97.9%。錄得增幅主要是由於就本集團地面無線數字電視及加密芯片業務購得知識產權。

於二零一一年十二月三十一日，預付款項、按金及其他應收款項約為602,200,000港元，較二零一一年六月三十日的260,100,000港元增加約131.6%。錄得增幅主要是由於尚未從北京華夏收取人民幣100,000,000元（見下文），以及於回顧期間期本集團於中國不同省份（包括河北、安徽、江西及山西）擴展業務及大力推行其核心有線數字電視業務，而向供應商支付預付款項以購買貨品及服務所致。預付款項乃於本集團日常及一般業務過程作出。

如本公司於二零一一年八月二十四日所公佈，本集團與北京華夏力通傳媒科技有限公司（「北京華夏」）訂立合作協議，以於十年內共同營運及發展於河北省之移動數字電視項目以及60,000塊電子顯示屏之廣告業務及增值服務（「河北移動廣告業務」）。其中，北京華夏將於合作協議日期之第十五個營業日及第三十個營業日就河北移動廣告業務分兩期支付合作開發費用人民幣200,000,000元，以加快項目開發進度。本集團已自北京華夏收取人民幣100,000,000元，而餘下款項人民幣100,000,000元則尚未收到，原因是本集團準備及計劃推出新廣告屏所耗費的時間較原定多。鑒於北京華夏的款項乃用作協助本集團購買新廣告屏，但由於本集團延遲增加新廣告屏之有關計劃，北京華夏因而延遲向本集團支付餘下之人民幣100,000,000元。延遲推出新廣告顯示屏對本集團的業務經營並無重大影響。應收款項人民幣100,000,000元已計入預付款項、按金及其他應收款項結餘。

Business review

In keeping with the quest for longer term sustainable revenue and profits, the Group took time and effort to build a more diversified revenue base with an increased focus in generating recurring operational revenue. This necessitated the Group to re-position and allocate more resources to focus on starting up of such operations for the long term good repositioning process which affects immediate revenue recognition. Moreover, it will be evident that more recurring and operational type of revenues will be achieved in the years to come.

(i) Digital cable television service business

During the period under review, the Group continued to progress with the business development and implementation in the digital cable TV operational and value added business. Revenue for the six months ended 31 December 2011 amounted to approximately HK\$73.6 million or 17% of the total revenue. During the fourth quarter of 2011, the basic network construction for 200,000 subscribers was completed, with the capital investment amounted to approximately RMB151 million. Along with the rapid development of television broadcasting operational business, the Group has set up two project units respectively with a new office in Shanxi province and another new preliminary office in Shaanxi province, on top of the original base during the fourth quarter of 2011. It is anticipated this business segment will realise new breakthrough and return in the year of 2012.

(ii) Wireless digital television value-added services

Revenue for the six months ended 31 December 2011 amounted to approximately HK\$51.6 million or 12% of the total revenue. During the six months ended 31 December 2011, 河北廣電移動數字電視有限責任公司 (Hebei Digital Mobile Television Broadcasting Company Limited) has transferred the 6,000 existing advertising display panels to the Group. The Group has started to record the advertising income from the advertising display panels.

(iii) Wireless digital terrestrial TV network equipment integration business

The shift in the overall direction of the Group's core business from wireless television business to cable television was underway and accordingly, this segment recorded losses of HK\$0.3 million during the six months ended 31 December 2011. For the end sales of set-top boxes and related products, the revenue for this quarter was

業務回顧

本集團持續尋求長遠可持續之收益及利潤，已投入時間和力度建立更多元化之收益來源，並更加專注於產生經常性營運收益。此舉促使本集團重新定位及分配更多資源，就長遠良好重新定位進程專注於開展有關業務營運，此舉將對收益確認產生即時影響，而於未來數年亦將會明顯地錄得更多經常性及營運性收益。

(i) 有線數字電視服務業務

於回顧期內，本集團繼續致力於有線數字電視營運及增值業務之業務發展及實行。截至二零一一年十二月三十一日止六個月，收益約為73,600,000港元或佔總收益17%。於二零一一年第四季期間已完成200,000戶用戶的基本網絡建設，資本投資約為人民幣151,000,000元。隨著電視廣播營運業務快速發展，於二零一一年第四季期間，除了原來的基地外，本集團已成立兩個項目單位，分別位於山西省的新辦事處及陝西省的新籌備處。預期此業務分部將於二零一二年實現新突破及回報。

(ii) 無線數字電視增值服務

截至二零一一年十二月三十一日止六個月，收益約為51,600,000港元或佔總收益12%。截至二零一一年十二月三十一日止六個月期間，河北廣電移動數字電視有限責任公司已將6,000塊現有廣告顯示屏轉讓予本集團。本集團開始錄得來自廣告顯示屏的廣告收入。

(iii) 地面無線數字電視網絡設備集成業務

由於本集團正將整體業務方向由無線電視業務轉為以有線電視為核心業務，故該分部於二零一一年十二月三十一日止六個月期間錄得虧損300,000港元。此外，機頂盒及相關產品的銷售方面，本

approximately HK\$125.5 million or about 30% of the total revenue of the Group, representing a substantial increase as compared to the last quarter. The Group packaged certain of its technological achievements in respect of wireless digital television for transfer and sales, making a profit from idle technology in a total of approximately HK\$31.3 million.

(iv) Information safety products business

The revenue for the six months ended 31 December 2011 generated from the information safety products business and the related technical services amounted to approximately HK\$44.3 million representing approximately 11% of the total turnover and essentially holding its ground when compared to the corresponding period of last year.

There is an increase in revenue from sales of softwares and technical development services as compared to last quarter. For communication products, as the construction work of operators was being affected by the weather conditions of winter, the delivery of products was thus disrupted. As for the system integration projects, the operations of those which we had won the bids from Beihang University, China Southern Airlines and Xinhua Airlines are progressing well, and higher revenue will be expected when the projects are completed.

Taking advantages of the existing technology of the Group with integration of the technology resources from other parties, the Group entered into sale contracts for Ministry of Health's project for the provision of medical services to the rural areas in the second quarter. Products include audio and video diagnosis terminals for medical use, PIN management products, digitization equipment for medical data, human medical data collector. The project has started to contribute to the Group's revenue and profit for this period.

The Group had strengthened its sales to the government and successfully completed the first contract for large amount purchase by Beijing University of Technology in the short period of time for software products, IP core, data collection products, simulators for research and development. The profit margin of those products was as high as 45%. New hardware and software products were developed for environmental control and energy efficient applications.

季度收益約為125,500,000港元或佔本集團總收益約30%，較上一季度大幅增加。本集團為無線數字電視業務設計若干技術方案，以供轉讓及出售，自閒置技術錄得溢利合共31,300,000港元。

(iv) 資訊安全產品業務

資訊安全產品業務及相關技術服務於截至二零一一年十二月三十一日止六個月產生之收益約為44,300,000港元，約佔總營業額之11%，與去年同期相比大致穩定。

來自軟件及技術開發服務的收益較上一季度有所增加。通訊產品方面，由於營運商的建設工程受到冬季氣候所影響，導致供貨中斷。系統集成項目方面，本集團中標的項目（包括北航大學、南航及新華航空）的進度良好，而預期項目完成後將錄得較高收益。

利用本集團已有的技術優勢整合多方技術資源，本集團於第二季度就衛生部醫療下鄉項目達成銷售合同，應用產品包括：醫療用音視頻診斷終端、密碼管理產品、醫療信息數字化儀器、人體醫學數據採集儀等，該項目開始為本集團於本期間作出收益及利潤貢獻。

本集團加強了對政府採購項目的銷售力度，並在短時間內圓滿完成了北京工業大學的第一單大額採購合同，包括：軟件產品、IP核、數據採集產品、研發用仿真器等，其利潤率高達45%。本集團現正就環境控制及節能應用軟件研發新硬件及軟件產品。

(v) Wireless digital audio products business

The revenue for the six months ended 31 December 2011 generated from the wireless digital audio product business and the related technical services amounted to approximately HK\$126.1 million or approximately 30% of the total revenue.

The total revenue was mainly attributed to those from clients in Mainland. However, during the fourth quarter of 2011, 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 secured the Group with high prospects of revenue and profit driver in the future.

Prospects

The business plan of the Group for the future is to develop as the top three operators of television broadcasting integrated businesses in the PRC. The Group will engage in full-scale basic television broadcasting business, television broadcasting value added business and wireless television broadcasting business as well as satellite business according to the characteristics of the broadcasting television subscribers in different regions in mainland China.

2012 is a year of continuing success of the Group's broadcasting operational business. The Group will reinforce, set up and properly operate the networks for its contracted broadcasting television subscribers, while building a foundation for achieving the overall objectives of development of the Company.

With the current progress of network construction, it is expected that the construction of network for 1.7 million cable basic broadcasting television subscribers and cable value-added broadcasting television subscribers and 30,000 electronic signboards within the contracted regions will be completed by 2012. Moreover, approximately 3 million new broadcasting television subscribers will be entered into contracts in the near future, generating a promising growth in profit and long-term value for the Group.

The Group will rapidly and steadily complete the overall transformation to cable television business, and commence value added business in the cable television and wireless television when conditions permit, in order

(v) 無線數字音頻產品業務

截至二零一一年十二月三十一日止六個月，來自無線數字音頻產品業務及相關技術服務之收益約為126,100,000港元，佔總收益約30%。

總收益主要來自內地的客戶。然而，於二零一一年第四季，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。

前景

本集團未來的業務規劃，為發展成為中國前三大廣電綜合業務運營商。本集團將根據中國內地不同區域廣電使用者的特點，進行廣電基礎業務、廣電增值業務、廣電無線乃至衛星業務的全面運營。

二零一二年將是本集團廣電運營業務繼往開來的一年。本集團不僅需要逐步鞏固、建設和妥善運營已經簽約的廣電用戶所使用的網絡，而且要為完成本公司的總體發展目標奠定基礎。

按照現在的網絡建設速度，在已簽約地區，預計二零一二年將建設完成運營1,700,000有線基礎廣電用戶網絡及有線增值廣電用戶網絡，以及30,000塊電子廣告屏；此外還在不久的將來新簽約3,000,000戶左右廣電用戶，為本集團帶來可觀的利潤增長和長遠價值。

本集團將迅速及穩定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，旨在帶來相對穩定及長久之收

to generate a relatively stable and long-lasting stream of revenue. However, it is inevitable to see a certain decrease in revenue and profits during the period of transformation.

The Group will continually actively package the idle technology for transfer and sales, and strive to maintain the Group's profit at a promising level during the period of transformation.

The Group will increase the investment in research and development, production and sales services in digital television two-way conversion products, and strive for better economic efficiencies. In addition, the Group will continue to joint or self develop more products so as to generate more profits.

For the wireless digital audio products business, orders for mass production from new projects have been secured in respect of the fourth quarter of 2012, and many enterprises are exploring new profit driver amidst the 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 is 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 there is any greater 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 Group is in a lead position in the digital TV network integration and services arena. If the conditions are to the Group's favour, financial leverage utilizing low cost funding from the capital market will further enhance the profitability of the Group or allow the Group to take a more aggressive positioning to capture a larger share of the market.

Liquidity and Financial Resources

As at 31 December 2011, the cash and bank balances of the Group amounted to approximately HK\$152.6 million (30 June 2011: 288.5 million). The Renminbi denominated balances of HK\$107.4 million were placed with licensed banks in the PRC and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC government.

During the six months ended 31 December 2011, the Group has net cash inflow from its operating activities of approximately HK\$31.3 million, and cash outflow from its investing activities and financing activities of approximately HK\$165.7 million and HK\$12.3 million respectively.

益。然而，於轉型期間，收益及溢利難以避免會有所下降。

本集團將繼續積極設計閒置技術以供轉讓及出售，並於轉型期間致力維持其可觀的溢利水平。

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。此外，本集團將繼續合作或自主開發更多產品，從而產生更大的利潤。

無線數字音頻產品業務方面，本集團經已取得二零一二年第四季的新項目量產訂單，而不少企業在金融危機時均物色新的利潤增長點。分部外銷新客戶數量有大幅度增加。估計本集團將大大擴展其市場份額。其中蘋果配件項目將是本集團業務提升的亮點。在外銷市場受到較大衝擊之前，本集團就已著手規劃開拓國內市場以擴大國內的市場份額，且取得了明顯的收穫，市場份額和銷售額都有所增加，將對內銷市場取得很好的開端。本集團將加大力度進入新的消費和汽車電子領域的市場，為本集團帶來快速的新利潤增長點。

本集團於數字電視網絡集成及服務領域佔據領導地位。倘融資條件對本集團有利，在資本市場取得低集資成本之財務融資將可進一步增強本集團之盈利能力，或讓本集團享有更進取之優勢以爭取較大的市場份額。

流動資金及財務資源

於二零一一年十二月三十一日，本集團之現金及銀行結餘約為152,600,000港元(二零一一年六月三十日：288,500,000港元)。以人民幣計值之結餘107,400,000港元存於中國之持牌銀行，而將該等結餘兌換為外幣須受中國政府頒佈之外匯管制法規所規限。

截至二零一一年十二月三十一日止六個月，本集團經營活動所得現金流入淨額約為31,300,000港元，而投資活動及融資活動所得現金流出分別約為165,700,000港元及12,300,000港元。

As at 31 December 2011, the gearing ratio of the Group, calculated as total borrowings over shareholders' funds, was approximately 0.005 (30 June 2011: 0.01).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Company's revenues and expenses are primarily transacted in Hong Kong dollar and Renminbi. As at 31 December 2011, the Group has no outstanding foreign currency hedge contract.

Charge on Group Assets

As at 31 December 2011, the Group did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2011, there were no material outstanding writs and litigations against the Group and/or the Company.

Capital Structure

The Company has not issued any new shares during the six months ended 31 December 2011.

Acquisition/Disposal and Significant Investments

The Group had no material acquisition or disposal of subsidiaries during the six months ended 31 December 2011.

Employee Information

As at 31 December 2011, the Group employed a total of 196 (30 June 2010: 141) full-time employees. The Group's remuneration policy remained the same as detailed in the Annual Report for the year ended 30 June 2011.

於二零一一年十二月三十一日，本集團之資本負債比率(總借款除以股東資金)約為0.005(二零一一年六月三十日：0.01)。

匯率波動之風險及相關對沖

本公司之收益及開支主要以港元及人民幣計值。於二零一一年十二月三十一日，本集團並無任何未平倉之外匯對沖合約。

集團資產之抵押

於二零一一年十二月三十一日，本集團並無抵押任何其資產。

或然負債

於二零一一年十二月三十一日，概無任何針對本集團及／或本公司之未了結重大令狀及訴訟。

資本結構

於截至二零一一年十二月三十一日止六個月，本公司並無發行任何新股。

收購／出售及重大投資

本集團於截至二零一一年十二月三十一日止六個月並無任何有關附屬公司之重大收購或出售。

僱員資料

於二零一一年十二月三十一日，本集團共聘有196名(二零一零年六月三十日：141名)全職僱員。本集團之薪酬政策保持不變，詳情請參閱截至二零一一年六月三十日止年度之年報。

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

As at 31 December 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:

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

於二零一一年十二月三十一日，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 名稱	Capacity 身份	Number of shares 股份	underlying shares 相關股份 (Note) (附註)	Approximate percentage of interests in the issued share capital 已發行股本中 權益概約百分比
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 the share option scheme adopted by the Company on 13 March 2003.

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。

Save as disclosed above, at no time during the six months ended 31 December 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十二月三十一日止六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 December 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，於二零一一年十二月三十一日，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)	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)	Interest in controlled corporation 受控法團權益	25.08%
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. 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 Haoping ("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 31 December 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 (「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及李浩平(「李先生」) 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。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，於二零一一年十二月三十一日，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 2011. A new employee share option scheme has been approved by the shareholders of the Company in the Company's annual general meeting held on 30 December 2011. Details of which were set out in the Company's circular dated 28 November 2011. The following shows the outstanding positions of the eligible persons as at 31 December 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。新員工購股權計劃已於二零一一年十二月三十日舉行之本公司股東週年大會上獲本公司股東批准，詳情載於本公司日期為二零一一年十一月二十八日之通函內。合資格人士根據計劃獲授予之購股權於二零一一年十二月三十一日之結餘情況如下：

Participants 參與者	Number of Shares (Note) 股份數目(附註)					As of 31 December 2011 截至 二零一一年 十二月三十一日	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 is 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") 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 called 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.

The Plaintiff claims (the "Claim") against (1) the Company in the total sum of HK\$5,000,000 together with interest and cost 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 Plaintiff discontinued his claim against the Company and filed the notice of discontinuance on 22 November 2011. The Company is now proceeding to recover the legal costs incurred from the Plaintiff.

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 December 2011.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the management 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.

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。

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)向被告人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。

原告已中止對本公司之申索，並於二零一一年十一月二十二日將訴訟中止通知存檔。本公司現正向原告追討所產生之法律費用。

除上文所披露者外，於二零一一年十二月三十一日，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。

董事於競爭業務之權益

本公司各董事或管理層股東(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。

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 report, 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-year 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.

CORPORATE GOVERNANCE REPORT

Throughout the six months ended 31 December 2011, the Group has applied the principles set out in the Code on Corporate Governance Practices ("HKSE Code") contained in Appendix 15 of the GEM Listing Rules except the code provisions A2.1 and A4.1 stipulated in the following paragraph.

Distinctive Roles of Chairman and Chief Executive Officer

The code provision A2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Xiao Yan as the Chief Executive Officer of the Company, supported by the senior management of the Company, is responsible for managing the Group's businesses and responsibilities, coordinating the daily operations of the Group and the execution of the Board decisions. Up to the date of this report, the Board has not appointed individual to the post of Chairman. In view of the current operations of the Group, the management considered that there is no imminent need to change the arrangement. Further announcement will be made by the Company with regard to the new appointment of Chairman of the Company in due course.

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。於本報告日期，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。

企業管治報告

截至二零一一年十二月三十一日止六個月內，本集團已採用載於創業板上市規則附錄十五之企業管治常規守則(「香港聯交所守則」)所載之原則，惟以下各段中規定之守則條文A2.1及A4.1除外。

主席與行政總裁之分工

守則條文A2.1規定，主席與行政總裁之職責應分離，不應由同一人擔任。主席與行政總裁間之職責劃分應明確制定並以書面形式列示。

肖彥先生獲本公司高級管理層推薦出任本公司行政總裁，彼負責管理本集團業務及職責、協調本集團之日常營運及執行董事會決策。直至本報告日期，董事會並未委任個人擔任主席一職。考慮到本集團現時之營運狀況，管理層認為不必立即更改此安排。本公司將於適當時候就委任本公司之新主席發出進一步公告。

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 six months ended 31 December 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 six months ended 31 December 2011.

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 six months ended 31 December 2011.

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

Hong Kong, 14 February 2012

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.

董事進行證券交易守則

於截至二零一一年十二月三十一日止六個月內，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十二月三十一日止六個月內，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。

購買、出售或贖回本公司之上市證券

截至二零一一年十二月三十一日止六個月，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，二零一二年二月十四日

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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