

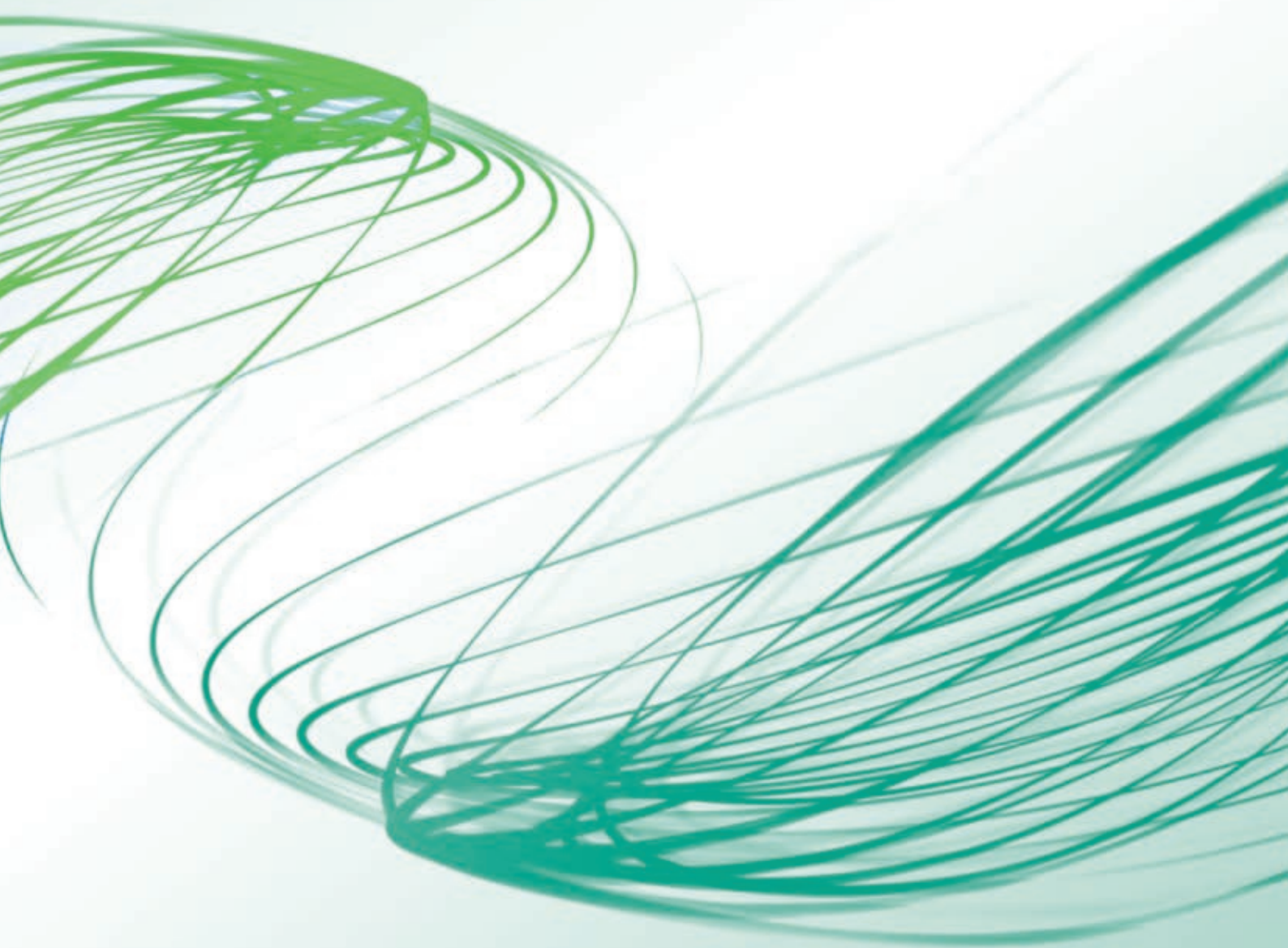


China Electronics

Corporation Holdings Company Limited

中國電子集團控股有限公司

(Stock Code 股份代號 : 00085)



ANNUAL REPORT 2009 年報

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Corporate Information

公司資料

BOARD OF DIRECTORS

Non-executive Directors

Xiong Qunli (*Chairman*)
Tong Baoan (*Vice Chairman*)

Executive Directors

Fan Qingwu (*Managing Director*)
Hua Longxing

Independent Non-executive Directors

Chan Kay Cheung
Wong Po Yan
Yin Yongli

AUDIT COMMITTEE

Chan Kay Cheung (*Chairman*)
Wong Po Yan
Yin Yongli

REMUNERATION COMMITTEE

Wong Po Yan (*Chairman*)
Chan Kay Cheung
Yin Yongli
Fan Qingwu

COMPANY SECRETARY

Ng Kui Kwan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Room 3503, 35th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

董事會

非執行董事

熊群力 (*主席*)
佟保安 (*副主席*)

執行董事

范卿午 (*董事總經理*)
華龍興

獨立非執行董事

陳棋昌
黃保欣
尹永利

審核委員會

陳棋昌 (*主席*)
黃保欣
尹永利

薪酬委員會

黃保欣 (*主席*)
陳棋昌
尹永利
范卿午

公司秘書

伍舉鈞

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港主要辦事處

香港
灣仔
港灣道26號
華潤大廈
35樓3503室

Corporate Information 公司資料

INVESTOR RELATIONS

Telephone: (852) 2598 9088
Facsimile: (852) 2598 9018
Website: www.cecholding.com
Email: investor@cecholdings.com.hk

STOCK CODE

00085

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong Law

Linklaters

As to Bermuda Law

Conyers Dill & Pearman

投資者關係聯絡

電話：(852) 2598 9088
傳真：(852) 2598 9018
網頁：www.cecholding.com
電郵：investor@cecholdings.com.hk

股份代號

00085

主要往來銀行

中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
東亞銀行有限公司

股份登記總處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

香港股份過戶登記分處

卓佳雅柏勤有限公司
香港
皇后大道東28號
金鐘匯中心26樓

核數師

羅兵咸永道會計師事務所

法律顧問

香港法律

年利達律師事務所

百慕達法律

Conyers Dill & Pearman

Chairman's Statement

主席報告



For the year ended 31 December 2009, the Group completed the acquisition of CEC Huada Electronic Design Co., Ltd (“Huada Electronics”) and the disposal of its interest in Shenzhen Sang Fei Consumer Communications Company Limited (“Sang Fei”), which enabled the Group to advance from the manufacturing and sales of mobile handsets business to the design, research and development and sales of integrated circuits business; and enter into the high-end stream of the information technology industry value chain. The Group achieved an audited profit attributable to shareholders of HK\$41.1 million for 2009, a substantial improvement over the loss of HK\$146.3 million in 2008.

2009 represented an exceptional year in the Group's business development. In September 2009, the Group completed the acquisition of Huada Electronics and successfully extended its business into the integrated circuits design sector, which is the high-end stream of the industry value chain and contributes profit to the Group. Huada Electronics is an industrial leader in the design of integrated circuits sector in the PRC. Over these years, Huada Electronics had developed and possessed deep insight in integrated circuits chip design technology and products. In December 2009, the Group completed the disposal of its entire interest in Sang Fei. Following the completion of these strategic business transactions, the business and balance sheet of the Group has significantly improved, with gross profit margin increased and gearing ratio lowered.

截至2009年12月31日止年度，本集團成功完成北京中電華大電子設計有限責任公司（「華大電子」）之收購和深圳桑菲消費通信有限公司（「桑菲」）股本權益之出售，使集團業務從移動電話的製造與銷售轉向集成電路設計、研發及銷售；並進入資訊科技行業價值鏈之上游領域。本集團2009年度實現經審核的股東應佔溢利為41.1百萬港元，相對2008年度之146.3百萬港元虧損，業績大為改善。

2009年是本集團業務調整和轉折的一年。於2009年9月，本集團完成收購華大電子，成功將集團業務延伸至位於行業價值鏈上游的集成電路設計領域，並為集團帶來新的利潤。華大電子經過多年經營，成功研發及擁有獨到的芯片設計技術和產品，在中國集成電路設計領域處於領先地位。於2009年12月，本集團完成出售所持有的桑菲股本權益。完成上述策略性資本運作後，本集團的業務和資產有了根本性改善，邊際利潤率增長及資本負債比率大幅降低。

Chairman's Statement 主席報告

The Group will focus on its core business in the integrated circuits design technology and to stand as an industrial leader in the integrated circuits chips design and total solution provider for wireless communications and smart card application. It is expected that the PRC integrated circuits market will continue to grow in 2010. The Group will capture the market development and growth; and further diversify and expand into the social security, telecommunications, financial industries smart card and wireless local area network ("WLAN") chips market.

Currently, as the impact of the global financial crisis has gradually eased off, the global economy is expected to recover and attain growth in 2010. The long-term prospect of the PRC's economy remains positive. The Group will leverage on the strength of its expertise in design, research and development of integrated circuits to continue to innovate in technologies, and develop more high-tech and high-quality products to satisfy our customer's needs. In addition, with the support from our controlling shareholder, China Electronics Corporation Limited ("CEC"), the Group will diversify and broaden its business platform through merger and acquisition, restructuring and business cooperation so as to add value to the business, improve the profitability, and bring the best returns to our shareholders.

On behalf of the Board, I would like to thank all staff member for their contributions and efforts in the past year. I would also like to express our most sincere gratitude to our shareholders and business partners for their continued co-operation and support.

Xiong Qunli
Chairman

Hong Kong, 19 April 2010

本集團未來將專注於集成電路設計技術，在無線通信及智能卡等應用領域成為領先的芯片設計和應用方案提供商。預計2010年中國集成電路市場會持續增長，本集團將順應市場變化，在社會保障卡、移動通訊卡、金融卡智能卡以及無線局域網絡（「WLAN」）芯片業務領域保持增長，實現業務多元化發展。

目前，全球金融危機影響已趨向緩解，世界經濟在2010年有望實現復甦性增長，中國經濟的長遠發展也呈現樂觀態勢。本集團將發揮集成電路設計及研發領域優勢，繼續技術創新，不斷開發更多高端優質產品，滿足客戶需求。此外，本集團將在控股股東中國電子信息產業集團有限公司（「中國電子集團」）支持下，通過併購、改組及業務合作等多種方式，開展業務多元化，延伸業務鏈條，提升產業附加價值和盈利水平，並為股東帶來豐厚回報。

本人謹代表董事會，對全體員工過去一年的積極工作和不懈努力表示衷心感謝，並對各位股東及合作夥伴長期以來的合作與支持深表謝意。

主席
熊群力

香港，2010年4月19日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

During the year, the Group's continuing operations comprised the design, research and development and sales of integrated circuits business. The Group discontinued its manufacturing and sales of mobile handsets and other portable electronics products business during the year. The analysis below represents only the continuing operations of the Group.

The Group's integrated circuits design business comprises the design of integrated circuits chips and the development of application system. Currently, our products are widely used in the identity card, social security card, telecommunications card and electronic payment card application. Our products are also applied in WLAN and application specific integrated circuit. For the year ended 31 December 2009, Huada Electronics has obtained 13 patents, owned 20 computer software copyrights, and registered 13 integrated circuits layout designs.

Following the replacement of new identity card passed its peak and returned to a relatively normal level in 2009, the sales volume of smart card for the identity card dropped significantly. The Group on one hand continued to maintain its original market share in identity card market, also strived to expand other smart card markets and non-integrated circuits card markets, so as to extend its products application areas. Through successful operation of social security card programs under the local governments, including Beijing city, the sales of social security card chips in 2009 increased by 21% to HK\$74.8 million. Due to the impact of drop in sales volume of smart card for identity card, there was a drop in total sales volume of smart card chips in 2009 compared to the same period in previous year. Revenue from the continuing operations for the year dropped by 26% to HK\$460.5 million. The overall gross profit margin of the Group during the year was 37% (2008: 37%).

業務回顧

本集團於年內之持續經營之業務是集成電路之設計、研發及銷售。年內，本集團終止經營其從事製造及銷售移動電話及其他手提電子產品之業務。以下分析僅反映本集團之持續經營之業務。

本集團之集成電路設計業務涵蓋芯片設計及應用系統開發。目前產品覆蓋身份證卡、社會保障卡、移動通信卡及電子付款卡等智能卡應用領域，同時還有WLAN和特殊用途集成電路應用。截至2009年12月31日止年度，華大電子已獲授權專利13項，電腦軟件著作權登記20項，及集成電路版圖設計登記13項。

於2009年度，身份證發卡從集中換發高峰期進入穩定水平，與高峰水平相比發卡量有較大回落。但集團在繼續保持原有身份證智能卡市場份額下，努力擴大其他智能卡市場，以及非集成電路卡市場，拓展產品應用領域。通過成功運作北京市等地方政府社會保障卡項目，使2009年度社會保障卡芯片銷售額同比上升21%至74.8百萬港元。但受到身份證智能卡銷售量出現下滑之影響，2009年度智能卡芯片總銷售量較去年同期有所下降。本集團於年內持續經營之業務之收入下降26%至460.5百萬港元。年內，本集團整體毛利率為37%（2008年：37%）。

Management Discussion and Analysis 管理層討論及分析

Administrative expenses increased by 9.7% to HK\$129 million for 2009. This is mainly attributable to the increase in total cost of research and development and incurred an one-off relocation cost for moving into the new office. Research and development costs were HK\$25.4 million in 2009 (2008: HK\$20.9 million). If the staff costs for approximately 200 (2008: 170) research and development personnel were included, the total costs of research and development were HK\$77.1 million (2008: HK\$67 million), which represented 16.7 % of the 2009 revenue (2008: 10.8%). The research and development is primarily focus on the more advance smart card and WLAN chips products.

Government grant received increased by 125.4% to HK\$38.6 million for 2009 resulted from increase in government subsidies for research and development costs incurred in 2009.

The disposal of the entire interest in the Group's manufacturing and sales of mobile handsets and other portable electronics products business was completed in December 2009. Revenue and loss attributable to the Group from the discontinued operation for the period from 1 January 2009 up to the date of the disposal amounted to HK\$1,959.3 million (2008: HK\$2,267.3 million) and HK\$71.9 million (2008: HK\$210.6 million) respectively. The Group recorded a gain on disposal of HK\$77.2 million.

For the year ended 31 December 2009, the profit attributable to shareholders of the Company was HK\$41.1 million (2008: loss of HK\$146.3 million), and the basic earnings per share was HK2.66 cents (2008: loss per share of HK9.91 cents).

The board of directors does not recommend the payment of a dividend for the year ended 31 December 2009 (2008: nil).

2009年度之行政開支上升9.7%至129百萬港元。上升之主因為研究及開發總費用增加及發生一次性之辦公室搬遷費用。2009年度之研究及開發費用為25.4百萬港元（2008年：20.9百萬港元）。若計及約200名（2008年：170名）研發人員之薪酬成本，研究及開發總費用為77.1百萬港元（2008年：67百萬港元），佔2009年度收入之16.7%（2008年：10.8%）。年內研究及開發主要側重於高端智能卡及WLAN芯片產品之開發。

由於本集團就2009年度發生研究及開發費用獲得之政府補助增加，2009年度之政府補助上升125.4%至38.6百萬港元。

本集團已於2009年12月完成出售所有從事製造及銷售移動電話及其他手提電子產品之業務之權益。該項已終止經營之業務從2009年1月1日至出售前歸屬於本集團之收入及虧損分別為1,959.3百萬港元（2008年：2,267.3百萬港元）及71.9百萬港元（2008年：210.6百萬港元）。本集團錄得出售收益77.2百萬港元。

截至2009年12月31日止年度，本公司股東應佔溢利為41.1百萬港元（2008年：虧損146.3百萬港元），而每股基本盈利為2.66港仙（2008年：每股虧損9.91港仙）。

董事會不建議派付截至2009年12月31日止年度的股息（2008年：無）。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL RESOURCES AND LIQUIDITY

The Group finances its operations primarily by internal resources and short term bank loans. At 31 December 2009, the Group had cash and cash equivalent amounted to HK\$397.4 million, 65.8% of which was denominated in Renminbi, 31.8% in Hong Kong dollars and 2.4% in United States dollars (2008: HK\$560.2 million, 63.7% of which was denominated in Renminbi, 24.1% in Hong Kong dollars and 12.2% in United States dollars).

At 31 December 2009, the Group had short term bank loans of HK\$22.7 million, which were denominated in Renminbi (2008: HK\$496.2 million, 94.9% of which were denominated in Renminbi and 5.1% in United States dollars). The bank loans were borrowed at contracted fixed interest rate. At 31 December 2009, committed banking facilities available to the Group but not drawn amounted to HK\$45.4 million. The Group's revenue are denominated in Renminbi and payments are denominated in Renminbi and Hong Kong dollars. The Group will make use of hedging contracts, when appropriate, to hedge the risk of foreign exchange fluctuation arising from its operations.

At 31 December 2009, the Group had net current assets of HK\$362.1 million (2008: HK\$407.4 million). The overall gearing ratio, which is calculated as the total liabilities over total assets of the Group, was 44.8% (2008: 72.2%).

財務資源及流動資金

本集團主要以內部資源及短期銀行貸款為其業務提供資金。於2009年12月31日，本集團持有現金及現金等價物397.4百萬港元，分別有65.8%以人民幣、31.8%以港元及2.4%以美元持有（2008年：560.2百萬港元，分別有63.7%以人民幣、24.1%以港元及12.2%以美元持有）。

於2009年12月31日，本集團的短期銀行貸款為22.7百萬港元乃以人民幣計值（2008年：496.2百萬港元，其中94.9%以人民幣及5.1%以美元計值）。銀行貸款按已訂約的固定利率借貸。於2009年12月31日，本集團尚未動用之銀行借貸備用額為45.4百萬港元。本集團收入以人民幣結算而付款以人民幣及港元結算。本集團會於適時利用對沖合約對沖源自其業務的外匯波動風險。

於2009年12月31日，本集團流動資產淨值為362.1百萬港元（2008年：407.4百萬港元）。整體資本負債比率（以本集團的總負債除以總資產計算）為44.8%（2008年：72.2%）。

Management Discussion and Analysis 管理層討論及分析

MATERIAL ACQUISITION

CEC Huada Electronic Design Co., Ltd. (“Huada Electronics”)

On 9 September 2009, the Company had completed the acquisition of the entire equity interests of Huada Electronics at an aggregate consideration of HK\$1,520 million which was satisfied by the allotment and issue of 608,000,000 shares credited as fully paid. Huada Electronics becomes a subsidiary of the Group and contributes profit to the Group. The principal activities of Huada Electronics is the design, research and development and sales of integrated circuits. The financial statements of Huada Electronics has been included in the consolidated financial statements of the Company for the year ended 31 December 2009, and for any comparative periods disclosed as if the acquisition had occurred at the previous balance sheet dates presented under the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants.

MATERIAL DISPOSAL

Sang Fei (BVI) Company Limited (“Sang Fei (BVI)”)

On 9 November 2009, the Company entered into a sale and purchase agreement with P-Marshall Hong Kong Limited and Shenzhen SED Electronics Group Co., Ltd. for the disposal of the entire issued share capital of Sang Fei (BVI) for a cash consideration of HK\$10 million. P-Marshall Hong Kong Limited is a subsidiary of CEC, the ultimate controlling shareholder of the Company. Sang Fei (BVI)'s principal asset is the holding of 65% equity interest in Shenzhen Sang Fei Consumer Communications Company Limited (“Sang Fei”). Sang Fei engages in the manufacturing and sales of mobile handsets and other portable electronics products. The disposal was completed on 29 December 2009.

The Group recognised a gain on disposal of HK\$77.2 million upon completion of the disposal.

重大收購事項

北京中電華大電子設計有限責任公司 (「華大電子」)

於2009年9月9日，本公司已完成收購華大電子之全部股本權益，總代價為1,520百萬港元，並以配發及發行608,000,000股入賬列為繳足股份之方式支付。華大電子成為本集團之附屬公司並為本集團帶來盈利。華大電子之業務主要是集成電路之設計、研發及銷售。根據香港會計師公會頒佈之香港會計指引第5號「共同控制合併之合併會計法」所述之合併會計原則，華大電子之財務報表已計入本公司截至2009年12月31日止年度之綜合財務報表，並計入本公司所披露之任何比較期間之綜合財務報表，猶如收購事項已於先前呈列之資產負債表日已發生。

重大出售事項

Sang Fei (BVI) Company Limited (「桑菲(BVI)」)

於2009年11月9日，本公司與P-Marshall Hong Kong Limited及深圳桑達電子集團有限公司訂立買賣協議，出售桑菲(BVI)之全部已發行股本，現金代價為10百萬港元。P-Marshall Hong Kong Limited為本公司最終控股股東中國電子集團之附屬公司。桑菲(BVI)之主要資產為持有深圳桑菲消費通信有限公司(「桑菲」) 65%股本權益。桑菲從事製造及銷售移動電話及其他手提電子產品。出售事項已於2009年12月29日完成。

本集團於出售事項完成時確認出售收益77.2百萬港元。

Management Discussion and Analysis

管理層討論及分析

PLEDGE OF ASSETS

At 31 December 2009, the Group did not have any pledged assets (2008: trade receivables of HK\$28.4 million were pledged for bank loans of HK\$25.5 million).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 December 2009, the Group did not have any material capital commitments (2008: HK\$2.1 million) for the acquisition of fixed assets and intangible assets. The Group did not have any material contingent liabilities at 31 December 2009 (2008: nil).

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2009, the Group had approximately 300 employees, the majority of whom were based in China. Employee benefit expenses during the year were HK\$223.5 million, of which employee benefit expenses for the discontinued operation amounted to HK\$144.6 million.

The Group recognises the importance of high calibre and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are largely in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. Bonus and other merit payments are linked with the performance of the Group and of the individuals as incentive to optimise performance. The Company has in place a share option scheme, pursuant to which share options may be granted to selected personnel of the Group, with a view to encouraging employees to work towards enhancing the value of the Group.

資產抵押

於2009年12月31日，本集團並無任何資產抵押（2008年：貿易應收款項28.4百萬港元已作銀行貸款25.5百萬港元之抵押）。

或然負債及資本承擔

於2009年12月31日，本集團就購買固定資產及無形資產並無任何重大資本承擔（2008年：2.1百萬港元）。於2009年12月31日，本集團並無任何重大或然負債（2008年：無）。

僱員及薪酬政策

於2009年12月31日，本集團僱用約300名僱員，大部份於中國內地工作。年內僱員福利開支為223.5百萬港元，其中，已終止經營之業務之僱員福利開支為144.6百萬港元。

本集團意識到優秀人才及能幹僱員的重要性，並備有嚴謹的招聘政策及工作表現評估計劃。僱員的薪酬政策與業內慣例大致相符，乃按表現及工作經驗為基準制訂並定期作出檢討。花紅及其他獎賞乃視乎本集團及個別僱員表現而釐定，以鼓勵僱員達致最佳表現。本公司設有購股權計劃，據此可向本集團選定的人士授予購股權，目的是鼓勵僱員致力提升本集團的價值。

Corporate Governance Report 企業管治報告

The Company is committed to achieving the best corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company is dedicated to exercise corporate governance through regular reviews of its adopted practices with reference to the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company has fully complied with the code provisions in the CG Code throughout the year ended 31 December 2009, with deviations from code provision E.1.2 of the CG Code as summarised below. The following summarises the corporate governance practices adopted by the Company.

BOARD OF DIRECTORS

The board of directors of the Company (“Board”) consists of two executive directors, two non-executive directors and three independent non-executive directors. The Chairman of the Board is a non-executive director, who is responsible for leading and overseeing the functioning of the Board and the strategic development of the Group. The Managing Director is delegated with the authority and responsible for managing the Group’s business, and the implementation of the Group’s strategies in achieving the overall business objectives. There are no financial, business, family or other material relationships among the directors (including the Chairman and the Managing Director).

All the directors, including the non-executive directors, will be subject to retirement by rotation every three years in accordance with the Listing Rules and the bye-laws of the Company. The remuneration of the directors are determined with reference to their duties, responsibilities and experience, and to the prevailing market conditions.

The Board is responsible for the formulation of long term business objectives, strategies and plans, and to monitor and control the operating and financial performance of the Group. The day-to-day operations and implementation of business objectives are delegated to the Managing Director. The management is delegated with proper authority to carry out daily operations and duties.

本公司努力實踐最高水平的企業管治常規，尤其注重問責、透明、獨立、責任和公平方面。本公司認真執行企業管治，參考香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「企業管治守則」）定期檢討所採納的企業管治常規。

除下文簡述偏離守則條文第E.1.2條事項外，本公司於截至2009年12月31日止年度內已全面遵守企業管治守則的守則條文。下文概述本公司採納的企業管治常規。

董事會

本公司董事會（「董事會」）由兩名執行董事、兩名非執行董事及三名獨立非執行董事組成。董事會主席為非執行董事，負責領導並監察董事會的運作，以及本集團的策略發展。董事總經理獲授權並專責本集團業務之管理及落實本集團的策略，以達成整體經營目標。董事（包括主席及董事總經理）之間並無任何財務、商業、家族或其他重大關係。

所有董事（包括非執行董事）均須遵照上市規則及本公司的公司章程細則每三年輪流退任一次。董事薪酬乃參照彼等的職務、職責及經驗，以及市場現況而釐定。

董事會的責任是訂下長遠經營目標、策略和藍圖，以及監察和調控本集團的經營及財務表現。集團日常營運及經營目標的落實則交由董事總經理負責。管理層已獲授予所需權力，以執行日常營運及職責。

Corporate Governance Report

企業管治報告

The Board has the power and is responsible for appointing new directors to fill a casual vacancy or as an addition to the Board. The Board will consider whether the candidate's skills, knowledge and experience meet the requirements of the Company when considering a nomination.

All directors have actively participated in the review and monitoring of the Company's business. A list of members of the Board and their attendance at the board meetings held in 2009 are set out below:

Number of full board meetings held in 2009: 4

董事會有權及負責委任新董事以填補臨時空缺及新增董事會成員。董事會在考慮提名時將考慮獲提名人選的才幹、知識及經驗是否符合本公司的要求。

各董事均積極參與檢討及監察本公司業務。董事會成員名單及彼等於2009年舉行的董事會會議之出席記錄如下：

2009年舉行的全體董事會會議次數：4次

Member of the Board 董事會成員		Number of meetings attended 出席會議次數
Non-executive directors 非執行董事		
Xiong Qunli (Chairman)	熊群力 (主席)	3
Tong Baoan (Vice Chairman)	佟保安 (副主席)	4
Executive directors 執行董事		
Fan Qingwu (Managing Director)	范卿午 (董事總經理)	4
Hua Longxing	華龍興	4
Independent non-executive directors 獨立非執行董事		
Chan Kay Cheung	陳棋昌	4
Wong Po Yan	黃保欣	4
Yin Yongli	尹永利	4

Due to other crucial business, the Chairman of the Board, Mr. Xiong Qunli did not attend the Annual General Meeting on 27 May 2009 (the "AGM"). The Chairman is aware that his absence constituted deviation from the code provision E.1.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting of the company. However, the Chairman has asked Vice Chairman, Mr. Tong Baoan to chair the AGM in his stead. Vice Chairman, the Chairman of Audit Committee, member of Remuneration Committee and the Managing Director attended the meeting and were available to answer questions at the AGM, so effective communication with shareholders was ensured.

There has been no change to the Board composition throughout 2009 and hence the Board has not dealt with or considered nomination of directors. The biographies of the directors are set out on pages 16 to 18 of the annual report.

本公司董事會主席熊群力先生因處理其他重要事務未能出席於2009年5月27日舉行的本公司股東週年大會（「股東週年大會」），主席知悉此與規定董事會主席應出席公司股東週年大會之企業管治守則之守則條文E.1.2有所偏差。然而，主席已要求副主席佟保安先生代為主持股東週年大會。副主席、審核委員會主席、薪酬委員會委員及董事總經理均有出席股東週年大會，並在股東週年大會上回答提問，以確保與股東有效溝通。

董事會的組成於2009年並無變動。因此，董事會未曾處理或考慮董事提名事宜。董事簡歷載於年報第16頁至第18頁。

Corporate Governance Report 企業管治報告

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 December 2009.

REMUNERATION COMMITTEE

The remuneration committee comprises three independent non-executive directors, namely Mr. Wong Po Yan, Mr. Chan Kay Cheung and Mr. Yin Yongli and an executive director Mr. Fan Qingwu. Mr. Wong Po Yan is the chairman of the Remuneration Committee. The terms of reference of the remuneration committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The principal responsibilities of the remuneration committee include reviewing and recommending to the Board the remuneration policy and the remuneration of the directors and the senior management.

The remuneration committee held one meeting in 2009 to review the remuneration policy and the remuneration of the directors and the senior management. All the members of the remuneration committee attended the meeting.

Details of the remuneration of the directors for the year ended 31 December 2009 and the interest of the directors in share options are set out on pages 79 to 81 and 23 of the annual report, respectively.

上市發行人董事進行證券交易的標準守則 ("標準守則")

本公司已採納上市規則附錄10所載的標準守則，以規管董事進行的證券交易。經本公司作出具體查詢後，所有董事均已確認，於截至2009年12月31日止年度內，彼等均已全面遵守標準守則。

薪酬委員會

薪酬委員會由三位獨立非執行董事（即黃保欣先生、陳棋昌先生及尹永利先生）及一位執行董事（范卿午先生）組成。黃保欣先生為薪酬委員會主席。薪酬委員會的職權範圍可向本公司於香港的主要辦事處查閱。

薪酬委員會的主要職責包括檢討董事及高級管理人員的薪酬政策及薪酬並就以上事項向董事會提出建議。

薪酬委員會於2009年舉行過一次會議，主要檢討董事及高級管理人員的薪酬政策及薪酬。全體薪酬委員會成員出席此次會議。

有關截至2009年12月31日止年度的董事薪酬及董事於購股權中之權益的詳情，分別載於年報第79頁至81頁及23頁。

Corporate Governance Report

企業管治報告

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chan Kay Cheung, Mr. Wong Po Yan and Mr. Yin Yongli. The members have extensive experience in financial matters and one of them is a certified public accountant. The terms of reference of the audit committee are available for inspection upon request at the principal office of the Company in Hong Kong.

The audit committee provides independent review and supervision of financial reporting, and examines the effectiveness of the internal controls of the Group and ensuring the external auditors are independent and the effectiveness of the audit process. The audit committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. External auditors and the directors are invited to attend the meetings as and when necessary. The audit committee also serves as a channel of communication between the Board and the external auditors.

The audit committee held two meetings in 2009 to review the audited financial statements of the Group for the year ended 31 December 2008, the unaudited interim financial statements of the Group for the six months ended 30 June 2009 and the effectiveness of the internal control practices of the Group. The audit committee has also reviewed the audit plan and approach of the external auditors and monitored the progress and results of the audit regularly. The attendance record of each member of the audit committee for audit committee meetings held in 2009 is set out below:

Member of the audit committee 審核委員會成員

Chan Kay Cheung (<i>Chairman</i>)	陳棋昌 (主席)
Wong Po Yan	黃保欣
Yin Yongli*	尹永利*

* certified public accountant

審核委員會

審核委員會由三位獨立非執行董事(即陳棋昌先生、黃保欣先生及尹永利先生)組成，各成員在財經事務範疇皆擁有豐富經驗，其中一位是註冊會計師。審核委員會的職權範圍可向本公司於香港的主要辦事處查閱。

審核委員會負責對財務匯報進行獨立檢討及監察，並審查本集團內部控制之效能，以及確保外聘核數師保持獨立和審核程序的有效性。審核委員會檢視所有關於本集團採納的會計原則和政策的事宜、審核功能、內部監控、風險管理及財務匯報事項。在需要時，外聘核數師及董事可被邀請出席委員會會議。審核委員會也擔當董事會與外聘核數師之間溝通的橋樑。

於2009年內，審核委員會曾舉行兩次會議，主要為審閱本集團截至2008年12月31日止年度之經審核財務報表、截至2009年6月30日止六個月未經審核之中期財務報表及內部控制措施效能。審核委員會亦已審閱外聘核數師的審核計劃及方法，並定期監察核數工作的進展及結果。審核委員會各成員於2009年度舉行之審核委員會會議之出席記錄如下：

Number of meetings attended 出席會議次數

		2
		2
		2

* 註冊會計師

Corporate Governance Report 企業管治報告

EXTERNAL AUDITORS

For the year ended 31 December 2009, the fees paid to the Company's external auditors in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

外聘核數師

於截至2009年12月31日止年度，就本公司及其附屬公司獲提供的審核及非審核服務向本公司外聘核數師支付的費用載列如下：

		2009 2009年 HK\$'000 千港元
Audit services	審核服務	2,157
Non-audit services (included tax matters, review and other reporting services)	非審核服務 (包括稅務事項、審閱及其他申報服務)	2,565
		4,722

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditors about their reporting responsibilities on the financial statements is set out on pages 35 to 37 of the annual report. In preparing the financial statements for the year ended 31 December 2009, the directors have selected suitable accounting policies and applied them consistently and have made prudent and reasonable judgements and estimates and have prepared the financial statements on a going concern basis. The Board has also reviewed the effectiveness of the internal control system of the Group, including all the material controls in financial, operational and risk management functions, and have held discussion with the Group's external auditors, to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards.

問責和審核

董事會負責監察財務報表的編製，確保賬目真實兼公平地反映本集團的事務狀況及於呈報期間的業績和現金流量。核數師就其對財務報表之申報責任所發出的聲明載於年報第35頁至第37頁。編製截至2009年12月31日止年度的財務報表時，董事已選擇適當的會計政策並貫徹運用該等政策，並作出審慎合理的判斷和估計及按持續經營基準編製財務報表。董事會亦已檢視本集團內部控制機制的效能（包括財務、營運及風險管理功能的所有重大監控），並與本集團之外聘核數師進行討論確保管理層已維持及管理一個運作良好的機制，符合所約定的程序及標準。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

NON-EXECUTIVE DIRECTORS

Mr. Xiong Qunli, aged 53, is the Chairman of the Company. Mr. Xiong graduated from the Faculty of Electromagnetic Engineering of Northwest Institute of Telecommunication Engineering and holds a postgraduate degree in Economic Administration from the Party School of the Central Committee of the Communist Party of China, and is a senior engineer at researcher level. Mr. Xiong is the chairman of China Electronics Corporation Limited ("CEC"), the controlling shareholder of the Company, and was previously the director of No. 36 Research Institute of the Ministry of Information Industry ("MI"), the vice president of China Academy of Electronics and Information Technology of MI, and the vice president of China Electronics Technology Group Corporation from 1995 to 2005. Mr. Xiong is also the vice president of Chinese Institute of Electronics, an executive committee member of China Institute of Communications and a member of the expert committee of the State Plan 863. Mr. Xiong has been deeply involved in the information technology industry and has extensive experience in strategic planning, research and development and corporate management. Mr. Xiong joined the Company in January 2008.

Mr. Tong Baoan, aged 62, is the Vice Chairman of the Company. Mr. Tong graduated from Tianjin University in the PRC and is a senior engineer. Mr. Tong is an independent director of China Er Zhong Group (De Yang) Heavy Industries Co., Ltd. Mr. Tong was the deputy director of the Department of International Cooperation of the Ministry of Electronics Industry. Mr. Tong was the general manager of Shenzhen Sang Da Electronics Corporation from 1996 to 2001, the deputy general manager of CEC from 2001 to 2005, a director of CEC from 2005 to 2008 and the chairman of Shanghai Hua Hong (Group) Company Limited from 2007 to 2009. Mr. Tong joined the Company in September 2004.

非執行董事

熊群力先生，53歲，本公司主席。熊先生於西北電訊工程學院電磁工程系及中央黨校經濟管理研究生畢業，並為研究員級高級工程師。熊先生現任本公司控股股東中國電子信息產業集團有限公司（「中國電子集團」）董事長，曾於1995年至2005年先後擔任信息產業部第三十六研究所所長，信息產業部電子科學研究院副院長，及中國電子科技集團公司副總經理等職務。熊先生亦為中國電子學會副理事長、中國通信學會常務理事及國家863計劃專家委員會委員。熊先生長期從事電子信息產業工作，在戰略規劃、科學研究、企業管理等方面具有豐富的經驗。熊先生於2008年1月加入本公司。

佟保安先生，62歲，本公司副主席。佟先生畢業於中國天津大學並為高級工程師。佟先生為中國二重集團（德陽）重型裝備股份有限公司獨立董事。佟先生曾擔任中國電子工業部國際合作司副司長。於1996至2001年期間，佟先生出任深圳桑達電子總公司總經理，於2001年至2005年出任中國電子集團副總經理，於2005年至2008年出任中國電子集團董事，及於2007年至2009年出任上海華虹（集團）有限公司董事長。佟先生於2004年9月加入本公司。

Biographies of Directors and Senior Management 董事及高級管理人員簡歷

EXECUTIVE DIRECTORS

Mr. Fan Qingwu, aged 46, is the Managing Director of the Company. Mr. Fan graduated from the Department of Aircraft Engineering of Beijing Institute of Technology and also holds a postgraduate degree in Economics from the Renmin University of China in the PRC. From 1996 to 1999, Mr. Fan was the executive vice president of China Securities Industry Institute. From 1999 to 2003, he was the general manager of the Investment Banking Department and the Asset Management Department of CEC. Mr. Fan was also the Chief Economist of CEC. Mr. Fan is also a director of Shenzhen Sang Fei Consumer Communications Company Ltd. ("Sang Fei"). Mr. Fan joined the Company in September 2004.

Mr. Hua Longxing, aged 68, is an Executive Director of the Company. Mr. Hua graduated from the Faculty of Wireless Engineering of Southeast University in the PRC. From 1993 to 2000, Mr. Hua was the vice chairman and the general manager of Shenzhen SED Industry Company Limited. Before that, he was the deputy general manager of Shenzhen Sang Da Electronics Corporation. From 1983 to 1987, he was the director of the Liaison Division of the office of Ministry of Electronics Industry in Shenzhen Economic Zone. Mr. Hua was also the chairman of Sang Fei from 1996 to 2008. Mr. Hua joined the Company in September 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay Cheung, aged 63, is a senior advisor of The Bank of East Asia, Limited and the vice chairman of The Bank of East Asia (China) Limited. Mr. Chan was an executive director and deputy chief executive of The Bank of East Asia, Limited. He joined The Bank of East Asia, Limited in 1965 and possesses extensive knowledge and experience in the banking industry. Mr. Chan is a fellow member of the Hong Kong Institute of Bankers, an advisory committee member on the Quality Migrant Admission Scheme of the Hong Kong Immigration Department and an international senior economic consultant of The People's Government of Shaanxi Province. He is also an independent non-executive director of Chu Kong Shipping Development Company Limited, Four Seas Food Investment Holdings Limited and Shui On Construction and Materials Limited (with effect from January 2010). Mr. Chan was an independent non-executive director of China Central Properties Limited from April 2007 to September 2009. Mr. Chan was appointed director of the Company in May 1997.

執行董事

范卿午先生，46歲，本公司董事總經理。范先生於北京理工大學飛行器工程系及中國人民大學經濟系研究生畢業。於1996年至1999年期間，范先生擔任中國證券業培訓中心常務副主任，並於1999年至2003年間出任中國電子集團投資銀行部及資產管理部總經理。范先生曾出任中國電子集團總經濟師。范先生同時擔任深圳桑菲消費通信有限公司（「桑菲」）董事。范先生於2004年9月加入本公司。

華龍興先生，68歲，本公司執行董事。華先生畢業於中國東南大學無線電工程系。於1993年至2000年，華先生為深圳桑達實業股份有限公司副董事長兼總經理。在此之前，華先生為深圳桑達電子總公司副總經理。於1983年至1987年期間，華先生為電子工業部駐深圳經濟特區辦事處業務處處長。華先生從1996年至2008年期間擔任桑菲董事長。華先生於2004年9月加入本公司。

獨立非執行董事

陳棋昌先生，63歲，現任東亞銀行有限公司高級顧問及東亞銀行（中國）有限公司副董事長。陳先生曾為東亞銀行有限公司之執行董事兼副行政總裁。他於1965年加入東亞銀行有限公司，在銀行界具廣泛知識和經驗。陳先生現時乃香港銀行學會之資深會士，香港入境事務處優秀人才入境計劃諮詢委員會委員及陝西省人民政府國際高級經濟顧問。陳先生亦為珠江船務發展有限公司、四洲食品投資控股有限公司及瑞安建業有限公司（自2010年1月起）之獨立非執行董事。陳先生從2007年4月至2009年9月期間曾擔任中華滙房地產有限公司獨立非執行董事。陳先生於1997年5月獲委任為本公司董事。

Biographies of Directors and Senior Management

董事及高級管理人員簡歷

Mr. Wong Po Yan, aged 86, is the founder of United Overseas Enterprises Limited. Mr. Wong was the vice chairman of the Basic Law Committee of Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress, member of the Drafting Committee of Basic Law of Hong Kong, member of the Preparatory Committee of Hong Kong Special Administrative Region and the chairman of the Hong Kong Airport Authority. He had been a member of the Hong Kong Legislative Council for 9 years. He is also an independent non-executive director of Shenzhen Investment Limited, Allied Group Limited, FinTronics Holdings Company Limited, Sinopec Kantons Holdings Limited, Alco Holdings Limited and Mingfa Group (International) Company Limited (with effect from October 2009). Mr. Wong was appointed director of the Company in May 1997.

Mr. Yin Yongli, aged 70, graduated from Shandong Finance Institute in the PRC. Mr. Yin is a Certified Public Accountant in the PRC and has extensive experience in auditing and financial management. From 2005 to 2008, Mr. Yin was the chairman of Tianhua Certified Public Accountants. He was the chairman of China Rightson Certified Public Accountants and various audit firms in the PRC during the period from 1999 to 2005. Before that, Mr. Yin worked in the petrochemical industry in the PRC for over 35 years. From 1985 to 1999, he held various senior positions in the finance department of Sinopec Corporation. Mr. Yin is the chairman of Beijing Tong Tai Insurance Brokerage Limited (with effect from January 2010). Mr. Yin is also an independent supervisor of Sinopec Shanghai Petrochemical Company Limited and an independent director of China Merchants Energy Shipping Co., Ltd. Mr. Yin was appointed director of the Company in September 2004.

SENIOR MANAGEMENT

Mr. Ng Kui Kwan, aged 48, is the Company Secretary of the Company. Mr. Ng holds a Bachelor of Arts degree in Accounting from the University of Liverpool in England. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has many years of experience in auditing, finance and administration. Mr. Ng joined the Company in November 2008.

黃保欣先生，86歲，聯僑企業有限公司創辦人。黃先生曾任全國人民代表大會常務委員會香港特別行政區基本法委員會副主席、香港基本法起草委員會委員、香港特別行政區籌備委員會委員及香港機場管理局主席。他亦曾任職九年香港立法局議員。黃先生亦為深圳控股有限公司、聯合集團有限公司、銀創控股有限公司、中石化冠德控股有限公司、愛高集團有限公司及明發集團（國際）有限公司（自2009年10月起）之獨立非執行董事。黃先生於1997年5月獲委任為本公司董事。

尹永利先生，70歲，畢業於山東財經學院。尹先生為註冊會計師並具有豐富的財務管理和審計經驗。2005年至2008年間擔任天華會計師事務所管委會主席並於1999年至2005年間擔任中瑞華恒信會計師事務所等多家會計師事務所主席。在此之前，尹先生在中國石油化工行業有超過35年工作經驗。從1985年至1999年間，尹先生在中國石油化工總公司財務部擔任多項高級職務。尹先生現任北京通泰保險經紀有限責任公司董事長（自2010年1月起）。尹先生亦為中國石化上海石油化工股份有限公司獨立監事及招商局能源運輸股份有限公司獨立董事。尹先生於2004年9月獲委任為本公司董事。

高級管理人員

伍舉鈞先生，48歲，本公司公司秘書。伍先生持有英格蘭利物浦大學會計學士學位，彼為英格蘭及威爾斯特許會計師公會及香港會計師公會會員。伍先生對審計、財務及行政方面積累多年經驗。伍先生於2008年11月加入本公司。

Report of the Directors 董事會報告

The directors submit their report together with the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively the "Group") is the design, research and development and sales of integrated circuits. The activities of the principal subsidiaries and associate are set out in Notes 18 and 19 to the financial statements.

In prior years and up to the completion of the disposal of Sang Fei (BVI) Company Limited ("Sang Fei (BVI)") by the Company on 29 December 2009, the Group was also engaged in the manufacturing and sales of mobile handsets and other portable electronics products. These operations were discontinued in the current year (see Note 12).

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 38 of the annual report.

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company during the year are set out in Note 16 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 25 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and Note 26 to the financial statements respectively.

董事會同寅謹此提呈董事會報告及截至2009年12月31日止年度之經審核財務報表。

主要業務

本公司為一家投資控股公司。本公司及其附屬公司(統稱「本集團」)之主要業務是集成電路之設計、研發及銷售。主要附屬公司及聯營公司之業務詳情分別載於財務報表附註18及19。

於過往年度及截至2009年12月29日本公司完成出售Sang Fei (BVI) Company Limited (「桑菲(BVI)」)止，本集團亦從事製造及銷售移動電話及其他手提電子產品。該等業務已於今年終止營運(見附註12)。

業績及分派

本集團本年度之業績載於年報第38頁之綜合收益表內。

董事建議不派發截至2009年12月31日止年度之股息(2008年：無)。

物業、廠房及設備

本集團及本公司之物業、廠房及設備於本年度內之變動詳情載於財務報表附註16。

股本

本公司之股本於本年度內之變動詳情載於財務報表附註25。

儲備

本集團及本公司之儲備於本年度內之變動詳情分別載於綜合權益變動表及財務報表附註26。

Report of the Directors

董事會報告

DISTRIBUTABLE RESERVES

The Company had no distributable reserves at 31 December 2009 as calculated under the law of Bermuda and the Company's bye-laws (2008: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 115 to 116 of the annual report.

DIRECTORS

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

Non-executive Directors

Xiong Qunli (*Chairman*)
Tong Baoan (*Vice Chairman*)

Executive Directors

Fan Qingwu (*Managing Director*)
Hua Longxing

Independent Non-executive Directors

Chan Kay Cheung
Wong Po Yan
Yin Yongli

In accordance with Bye-law 87(1), Mr. Tong Baoan and Mr. Fan Qingwu shall retire by rotation at the forthcoming annual general meeting and, being eligible, Mr. Tong Baoan and Mr. Fan Qingwu offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has received confirmation from each of the independent non-executive directors as regards their independence to the Company, and considers them to be independent.

可供分派儲備

於2009年12月31日，本公司並無根據百慕達法律及本公司之公司章程細則計算之可供分派儲備（2008年：無）。

五年財務資料摘要

本集團過往五個財政年度之業績及資產與負債之概要載於年報第115頁至116頁內。

董事

本年度及截至本報告日止在任之董事如下：

非執行董事

熊群力 (*主席*)
佟保安 (*副主席*)

執行董事

范卿午 (*董事總經理*)
華龍興

獨立非執行董事

陳棋昌
黃保欣
尹永利

根據公司章程細則第87(1)條，佟保安先生及范卿午先生將於應屆股東週年大會上輪值告退，而佟保安先生及范卿午先生均符合資格並願意膺選連任。

於應屆股東週年大會上膺選連任之董事並無與本公司訂立本公司不可於一年內終止而毋須賠償（法定賠償除外）之服務合約。

本公司已接獲本公司各獨立非執行董事就彼等獨立於本公司之確認書，並認為彼等為獨立。

Report of the Directors 董事會報告

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

At 31 December 2009, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchanges of Hong Kong Limited (the "Listing Rules"), were as follows:

Long position in underlying shares of the Company

Name of director 董事姓名	Capacity 身份	Interest in underlying shares pursuant to share options 購股權所涉及之 相關股份權益	Approximate percentage of the issued share capital of the Company 佔本公司已發行 股本概約百分比
Tong Baoan 佟保安	Beneficial owner 實益擁有人	1,140,000	0.07%
Fan Qingwu (<i>Managing Director</i>) 范卿午 (<i>董事總經理</i>)	Beneficial owner 實益擁有人	1,080,000	0.06%
Hua Longxing 華龍興	Beneficial owner 實益擁有人	1,080,000	0.06%

Saved as disclosed above, at 31 December 2009, none of the directors nor the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及最高行政人員於股份、相關股份及債券之權益及淡倉

於2009年12月31日，本公司董事及最高行政人員持有本公司或本公司任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券須登記於本公司根據證券及期貨條例（「證券及期貨條例」）第352條備存之登記冊內之權益及淡倉或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

本公司相關股份之好倉

除上文披露者外，於2009年12月31日，概無本公司董事、最高行政人員及彼等各自之聯繫人於本公司或本公司任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中持有任何須登記於本公司根據證券及期貨條例第352條備存之登記冊內之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

Report of the Directors

董事會報告

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 20 June 2002, the Company adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme. According to the Share Option Scheme, the board of directors of the Company may grant options to any executive and non-executive directors of the Company, full time employees and part-time employees of the Group, advisors, consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to the Group. The purpose of the Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company.

The total number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme must not exceed 108,356,000 ordinary shares, representing 6.41% of the issued share capital at the date of the annual report. The maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in any 12-month period must not exceed 1% of the shares in issue from time to time. No share options were outstanding under the old share option scheme.

There was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the directors. The exercise period of a share option should be any period determined by the board of directors but in any event the exercise period should not later than 10 years from the date of grant. The grantee must accept an option within 21 days from the date of offer by making a non-refundable payment of HK\$1 to the Company.

購股權計劃

根據於2002年6月20日通過之普通決議案，本公司採納一項新購股權計劃（「購股權計劃」），以取代舊購股權計劃。根據該購股權計劃，本公司董事會可向本公司執行及非執行董事、本集團全職僱員及兼職僱員、顧問、諮詢人、經銷商、供應商、代理、客戶、合夥人、合營夥伴、發起人及服務供應商授出購股權。購股權計劃旨在為參與者提供獲取本公司權益之機會，並鼓勵參與者積極工作以提高本公司之價值。

於購股權計劃下已授出及將予授出之購股權獲悉數行使後，可予發行之股份總數不得超過108,356,000股普通股，佔於本年報日已發行股本之6.41%。因行使所有根據購股權計劃及任何其他購股權計劃已授出而尚未行使之購股權而發行之股份上限數目，不得超逾本公司不時已發行股份之30%。每名參與者於12個月內獲授之購股權（包括已行使、已註銷及尚未行使之購股權）予以行使時所發行及將發行之股份總數，不得超過不時已發行股份之1%。舊購股權計劃下並無未行使之購股權。

除董事另行決定外，購股權之承授人毋須持有該購股權若干期間後方可行使購股權。購股權之行使期為董事會釐定之任何期間，惟在任何情況下行使期不得遲於授出日期後之10年。購股權之承授人必須自授出日期起21日內向本公司支付1港元之不可退回款項接受購股權。

Report of the Directors 董事會報告

The exercise price of share options shall be at the discretion of the board of directors provided that it shall be not less than the highest of (i) the closing price of the shares on the date of grant; (ii) the average of the closing prices of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The Share Option Scheme will remain in force until 19 June 2012.

During the year, no share options were granted under the Share Option Scheme.

At 31 December 2009, the directors and the chief executive of the Company and employees of the Group and other participants had the following personal interests in options to subscribe for shares of the Company granted under the Share Option Scheme:

Name	姓名	Options outstanding at 1/1/2009 於2009年1月1日 尚未行使之購股權	Options lapsed 已失效之購股權	Options outstanding at 31/12/2009 於2009年12月31日 尚未行使之購股權
Directors	董事			
Tong Baoan	佟保安	2,280,000	(1,140,000)	1,140,000
Fan Qingwu (<i>Managing Director</i>)	范卿午 (<i>董事總經理</i>)	2,160,000	(1,080,000)	1,080,000
Hua Longxing	華龍興	2,160,000	(1,080,000)	1,080,000
Sub-total	小計	6,600,000	(3,300,000)	3,300,000
Employees and other participants	僱員及其他參與者	4,470,000	(3,420,000)	1,050,000
Total	總計	11,070,000	(6,720,000)	4,350,000

The outstanding options were all granted on 25 October 2005 under the Share Option Scheme. The options represent personal interest held by the grantees as beneficial owners. Grantees of such options are entitled to exercise the options at a price of HK\$1.488 per share from 1 November 2007 to 31 October 2010.

No options granted under the Share Option Scheme were exercised or cancelled during the year.

購股權之行使價由董事會酌情決定，惟不得少於(i)於授出日期之股份收市價；(ii)緊接授出日期前五個交易日股份之平均收市價；及(iii)於授出日期股份之面值三者中之最高者。購股權計劃之有效期直至2012年6月19日。

於本年度內，並無根據購股權計劃授出任何購股權。

於2009年12月31日，本公司董事及最高行政人員、本集團僱員及其他參與者於根據購股權計劃所授出可認購本公司股份的購股權中擁有以下個人權益：

尚未行使之購股權乃全部於2005年10月25日根據購股權計劃所授出。購股權乃承授人以實益擁有人持有之個人權益。購股權之承授人有權於自2007年11月1日起至2010年10月31日止以每股1.488港元之價格行使購股權。

於本年度內，根據購股權計劃授出之購股權並無獲行使或被註銷。

Report of the Directors

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transactions

On 16 January 2009, China Electronics Corporation Finance Co., Ltd ("CEC Finance") proposed to provide, through a factoring agreement (the "Factoring Agreement"), a revolving factoring facility of up to RMB60 million to Shenzhen Sang Fei Consumer Communications Company Limited ("Sang Fei") for a period of one year at an interest rate to be determined by making reference to the standard rate promulgated by the People's Bank of China from time to time for Renminbi short-term loans for a period of more than three months and up to and including six months.

董事購買股份或債券之權利

除上文披露者外，於本年度內，本公司、其控股公司或其任何附屬公司或同系附屬公司並無訂立任何使本公司董事或彼等各自之聯繫人（定義見上市規則）可藉著購入本公司或任何其他法人團體之股份或債券而獲益之安排。

董事於重大合約之權益

本公司之董事並無於本公司、其控股公司或其任何附屬公司或同系附屬公司所訂立並於年結日或本年度內任何時間仍然生效之任何重大合約中，直接或間接擁有任何重大權益。

關連交易及持續關連交易

關連交易

於2009年1月16日，中國電子財務有限責任公司（「中電財務」）建議透過保理融資協議（「保理融資協議」）向深圳桑菲消費通信有限公司（「桑菲」）提供一年期高達人民幣60百萬元的循環保理融資額。保理融資協議的利率為中國人民銀行不時公佈的就三個月以上至六個月（含六個月）的人民幣短期貸款的標準利率。

Report of the Directors 董事會報告

China Electronics Corporation Limited (“CEC”) is the ultimate controlling shareholder of the Company and hence a connected person of the Company. CEC Finance, being a subsidiary of CEC, is also a connected person of the Company. The Factoring Agreement constituted a connected transaction of the Company under the Listing Rules. Details of the Factoring Agreement were set out in the Company’s circular dated 4 February 2009. The Factoring Agreement was approved by the independent shareholders of the Company at the special general meeting held on 26 February 2009. On 29 December 2009, the Company disposed of its entire interest in Sang Fei and the transactions between Sang Fei and the connected persons of the Company have ceased to be connected transactions of the Company. Up till 29 December 2009, CEC Finance and Sang Fei had not yet executed the Factoring Agreement and no financial assistance had ever been granted to Sang Fei under the Factoring Agreement.

On 9 November 2009, the Company entered into a sale and purchase agreement with P-Marshall Hong Kong Limited and Shenzhen SED Electronics Group Co., Ltd (“Shenzhen SED”), for the disposal of the entire issued share capital of Sang Fei (BVI) for a cash consideration of HK\$10 million (the “Disposal”). The principal asset of Sang Fei (BVI) is its holding of 65% equity interest in Sang Fei. P-Marshall Hong Kong Limited is a wholly-owned subsidiary of Shenzhen SED. Shenzhen SED is a substantial shareholder of Sang Fei holding 25% of its equity interest and is a subsidiary of CEC, the ultimate controlling shareholder of the Company indirectly holding approximately 48.03% of the issued share capital of the Company and approximately 23.27% of the issued share capital of the Company through China Huada Integrated Circuit Design (Group) Co., Ltd. (“China Huada”), a company which is owned as to 50% by CEC. Both the P-Marshall Hong Kong Limited and Shenzhen SED are connected persons of the Company.

The Disposal constitutes a connected transaction and also constitutes a very substantial disposal of the Company under the Listing Rules. The Disposal was approved by the independent shareholders of the Company at the special general meeting held on 16 December 2009. The Disposal was completed on 29 December 2009.

中國電子信息產業集團有限公司（「中國電子集團」）為本公司之最終控股股東，故為本公司關連人士。中電財務（中國電子集團附屬公司）亦為本公司的關連人士。根據上市規則，保理融資協議構成本公司的關連交易。保理融資協議的詳情載於本公司於2009年2月4日刊發之通函內。保理融資協議已獲得本公司獨立股東於2009年2月26日舉行的股東特別大會批准。於2009年12月29日，本公司已出售其持有之桑菲全部權益，桑菲與本公司之關連人士進行之交易不再為本公司之關連交易。截至2009年12月29日止，中電財務及桑菲尚未正式簽署保理融資協議，而中電財務並沒有根據保理融資協議提供任何財務資助予桑菲。

於2009年11月9日，本公司與P-Marshall Hong Kong Limited及深圳桑達電子集團有限公司（「深圳桑達」）訂立買賣協議，出售桑菲(BVI)之全部已發行股本，現金代價為10百萬港元（「出售事項」）。桑菲(BVI)之主要資產為持有桑菲65%股本權益。P-Marshall Hong Kong Limited乃深圳桑達之全資附屬公司。深圳桑達為桑菲之主要股東，持有桑菲25%股本權益，並為中國電子集團之附屬公司；而中國電子集團間接持有本公司已發行股本約48.03%及透過中國華大集成電路設計集團有限公司（「中國華大」）（由中國電子集團持有50%股本權益）間接持有本公司已發行股本約23.27%，為本公司之最終控股股東。P-Marshall Hong Kong Limited及深圳桑達均為本公司之關連人士。

根據上市規則，出售事項構成本公司之關連交易及非常重大出售事項。出售事項已獲得本公司獨立股東於2009年12月16日舉行之股東特別大會批准。出售事項已於2009年12月29日完成。

Report of the Directors

董事會報告

Continuing connected transactions

(1) During the year, Sang Fei, a then subsidiary of the Company, conducted certain transactions with connected persons of the Company which constituted continuing connected transactions of the Company under the Listing Rules. Sang Fei ceased to be a subsidiary of the Company upon completion of its disposal on 29 December 2009 and the continuing connected transactions between Sang Fei and the connected person of the Company have since then ceased to be continuing connected transactions of the Company. Details of these continuing connected transactions conducted during the period from 1 January 2009 to 29 December 2009 are summarised as follows:

持續關連交易

(1) 於本年度內，本公司當時之附屬公司桑菲，與本公司之關連人士進行若干交易，該等交易根據上市規則構成本公司之持續關連交易。隨著出售桑菲在2009年12月29日完成，其不再是本公司的附屬公司。桑菲與本公司關連人士進行之持續關連交易將不再為本公司之持續關連交易。有關於從2009年1月1日至2009年12月29日期間之持續關連交易詳情概述如下：

Type of transaction	交易類別	Note 附註	Amount 金額 HK\$'000 千港元
Sales of products, samples and raw materials to the CEC Group	向中國電子集團成員公司銷售產品、樣本及原材料	<i>i,ii</i>	196,971
Purchases of raw materials from the CEC Group	向中國電子集團成員公司採購原材料	<i>i,iii</i>	43,143
After sales and maintenance services by the CEC Group	中國電子集團成員公司提供之售後維修服務	<i>i,iv</i>	7,429
Provision of canteen services by the CEC Group	中國電子集團成員公司提供之食堂服務	<i>i,v</i>	7,784
Rental arrangements with the CEC Group	與中國電子集團成員公司之租賃安排	<i>vi</i>	12,222
Processing arrangements with the CEC Group	與中國電子集團成員公司之加工安排	<i>vii</i>	3,993
Comprehensive services from the CEC Group	中國電子集團成員公司提供之全面服務	<i>viii</i>	16,573
Interest paid to the CEC Group	向中國電子集團成員公司支付利息		3,444

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Notes:

- (i) China Electronics Corporation Limited (“CEC”, together with its subsidiaries, the “CEC Group”), is a connected person of the Company by virtue of being the controlling shareholder of the Company.

On 21 December 2006, Sang Fei entered into a supplemental business services agreement (the “Business Services Agreement”) with CEC to set out the framework for the ongoing business relationship between Sang Fei and the CEC Group. Pursuant to the Business Services Agreement, Sang Fei supplies products, samples and raw materials to the CEC Group and the CEC Group supplies raw materials and provides after sales and maintenance services, canteen services and renovation services to Sang Fei. The Business Services Agreement was approved by the independent shareholders at the special general meeting held on 26 January 2007, details of which are set out in the circular dated 8 January 2007. The annual caps for the transactions contemplated under the Business Services Agreement (save for the annual cap for the provision of canteen services by the CEC Group) were subsequently revised and such revision of annual caps was approved by the independent shareholders at the special general meeting held on 14 September 2007, details of which are set out in the circular dated 29 August 2007.

- (ii) Members of the CEC Group are major customers of Sang Fei. Sales of products, samples and raw materials to the CEC Group were based on the Business Services Agreement and were carried out on normal commercial terms and with reference to market rates.
- (iii) Sang Fei from time to time purchases raw materials from members of the CEC Group. Purchases of raw materials from the CEC Group were based on the Business Services Agreement and the plastic supply agreement dated 3 March 2006 (details of which were set out in the circular dated 31 March 2006) and were carried out on normal commercial terms and with reference to market rates. The plastic supply agreement was approved by the independent shareholders at the special general meeting held on 21 April 2006 and has expired on 31 March 2009.
- (iv) Sang Fei engaged members of the CEC Group to provide after sales and maintenance services in respect of its products. The repair and maintenance services were based on the Business Services Agreement and were carried out on normal commercial terms and with reference to market rates.
- (v) A member of the CEC Group provides canteen services to the staff of Sang Fei. The canteen services were based on the Business Services Agreement and the service fees were calculated by reference to actual consumption and an agreed fixed service fee. Such service fees were on normal commercial terms and with reference to market rates.

附註：

- (i) 中國電子信息產業集團有限公司（「中國電子集團」，連同其附屬公司，「中國電子集團成員公司」）為本公司之控股股東，因此亦為本公司之關連人士。

於2006年12月21日，桑菲與中國電子集團訂立一份補充綜合服務協議（「綜合服務協議」），設定桑菲與中國電子集團成員公司間現有業務關係之框架。根據綜合服務協議，桑菲向中國電子集團成員公司銷售產品、樣本及原材料，而中國電子集團成員公司向桑菲供應原材料及提供售後維修服務、食堂服務及裝修服務。綜合服務協議已由獨立股東於2007年1月26日舉行的股東特別大會上批准，有關詳情已載於日期為2007年1月8日的通函內。綜合服務協議下擬進行交易的年度上限（不包括中國電子集團成員公司提供食堂服務的年度上限）隨後已經修訂，該等年度上限的修訂亦由獨立股東於2007年9月14日舉行的股東特別大會上批准，有關詳情載於日期為2007年8月29日的通函內。

- (ii) 中國電子集團成員公司的成員為桑菲之主要客戶。向中國電子集團成員公司銷售產品、樣本及原材料乃根據綜合服務協議，並按一般商務條款和參考市場價格進行。
- (iii) 桑菲不時向中國電子集團成員公司的成員採購原材料。向中國電子集團成員公司採購原材料乃根據綜合服務協議及日期為2006年3月31日之塑膠件購買協議（詳情載於日期為2006年3月31日的通函內），並按一般商務條款和參考市場價格進行。塑膠件購買協議由獨立股東於2006年4月21日舉行之股東特別大會上批准，並於2009年3月31日期滿。
- (iv) 桑菲委聘中國電子集團成員公司的成員就其產品提供產品售後維修服務。維修服務根據綜合服務協議，並按一般商務條款和參考市場價格進行。
- (v) 中國電子集團成員公司的一家成員向桑菲職員提供食堂服務。食堂服務收費乃以綜合服務協議為基準，而服務收費則參照實際消費及按協定固定服務收費計算，並按一般商務條款和參考市場價格進行。

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- (vi) The production facilities and some of the staff quarters of Sang Fei were located within an industrial complex owned by members of the CEC Group. These rentals arrangements were based on various tenancy agreements entered into between Shenzhen SED Industry Co., Ltd. (a company indirectly owned as to 42.23% by CEC) and Sang Fei on 9 April 2008 (details of which were set out in the announcement dated 9 April 2008) and 16 January 2009 (details of which were set out in the circular dated 4 February 2009). The transactions contemplated under the various tenancy agreements dated 16 January 2009 were approved by the independent shareholders at the special general meeting held on 26 February 2009. The above-mentioned rental arrangements were carried out on normal commercial terms and with reference to open market rental of comparable properties.
- (vii) Sang Fei secured dedicated processing services of surface mount assembly production lines from members of the CEC Group. The processing services were based on the supplemental processing agreement dated 21 December 2006 and were carried out on normal commercial terms and with reference to market rates. Such transactions were approved by the independent shareholders at the special general meeting held on 26 January 2007, details of which were set out in the circular dated 8 January 2007.
- (viii) Sang Fei engaged members of the CEC Group to provide various business support services in relation to sales of products based on the comprehensive services agreements dated 8 August 2007. Such transactions were carried out on normal commercial terms and the service charges shall be the actual costs incurred by members of the CEC Group for the provision of such services. Such transactions were approved by the independent shareholders at the special general meeting held on 14 September 2007 and details of which were set out in the circular dated 29 August 2007.

On 20 September 2007, Sang Fei entered into a deposit services agreement with CEC Finance, a subsidiary of CEC, pursuant to which Sang Fei will utilise the deposit services offered by CEC Finance. The interest rate for Sang Fei's deposits with CEC Finance shall be the standard rates promulgated by the People's Bank of China for the same type of deposits and shall not be less than the rates offered to Sang Fei by normal commercial banks in the PRC for comparable deposits. The maximum balance of deposits (including the interests accrued thereon) maintained by Sang Fei with CEC Finance shall not exceed RMB30 million on any given day and Sang Fei's actual balance of deposits with CEC Finance has not exceeded such amount.

- (vi) 桑菲之生產設施及部份員工宿舍位於由中國電子集團成員公司的成員所擁有之工業綜合設施內。該等租賃安排乃根據深圳市桑達實業股份有限公司（一家由中國電子集團間接持有42.23%股本權益之公司）與桑菲於2008年4月9日訂立之多項租賃協議（詳情載於日期為2008年4月9日的公告內）及於2009年1月16日訂立之多項租賃協議（詳情載於日期為2009年2月4日的通函內）進行。於2009年1月16日訂立之多項租賃協議項下擬進行的交易已於2009年2月26日舉行之股東特別大會上獲本公司的獨立股東批准。上述租賃協議乃按一般商務條款和參考可比較物業的公開市場租金進行。
- (vii) 中國電子集團成員公司的成員向桑菲提供專用貼片安裝生產線的加工服務。加工服務乃根據日期為2006年12月21日的補充委托加工協議，並按一般商務條款和參考市場價格進行。該項交易已由獨立股東於2007年1月26日舉行的股東特別大會上批准，有關詳情載於日期為2007年1月8日的通函內。
- (viii) 根據日期為2007年8月8日的全面服務協議，桑菲委聘中國電子集團成員公司的成員就其產品銷售提供多項業務支援服務。該項交易按一般商務條款進行。中國電子集團成員公司的成員將按實際支出收取有關服務收費。該項交易已由獨立股東於2007年9月14日舉行的股東特別大會上批准，有關詳情載於日期為2007年8月29日的通函內。

於2007年9月20日，桑菲與中國電子集團的附屬公司中電財務訂立一份存款服務協議，據此，桑菲將使用中電財務提供之存款服務。桑菲於中電財務存款的利率須為中國人民銀行公佈的同類存款的標準利率，且不得低於一般商業銀行就可比較存款向桑菲提供的利率。桑菲於中電財務保存的存款最高餘額（包括存款產生之利息）於任何日期均不得超出人民幣30百萬元，而桑菲於中電財務存款的實際餘額並未超出此數額。

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(2) Following the completion of the acquisition of the entire interest in CEC Huada Electronics Design Co., Ltd (“Huada Electronics”) by the Company on 9 September 2009, Huada Electronics became a wholly-owned subsidiary of the Company and the transactions between Huada Electronics and the connected persons of the Company became continuing connected transactions of the Company under the Listing Rules. Details of these continuing connected transactions are summarised as follow:

(2) 於2009年9月9日收購北京中電華大電子設計有限責任公司(「華大電子」)完成後，華大電子成為本公司之全資附屬公司並與本公司之關連人士進行若干交易，該等交易根據上市規則構成本公司之持續關連交易，有關該等持續關連交易之詳情概述如下：

Type of transaction	交易類別	Note 附註	Amount 金額 HK\$'000 千港元
Sales of products to the CEC Group	向中國電子集團成員公司銷售產品	<i>i, ii</i>	5,678
Purchases of raw materials and modules from CEC Group, provision of processing, testing and assembling services by the CEC Group	向中國電子集團成員公司採購原材料及模組及中國電子集團成員公司提供加工、成品測試及封裝服務	<i>i, iii</i>	78,618
Interest received from the CEC Group	向中國電子集團成員公司收取利息		26

Notes:

(i) China Electronics Corporation Limited (“CEC”, together with its subsidiaries, the “CEC Group”), is a connected person of the Company by virtue of being the controlling shareholder of the Company.

On 20 June 2008, Huada Electronics entered into a business services agreement (the “Huada Business Services Agreement”) with CEC to set out the framework for the ongoing business relationship between Huada Electronics and the CEC Group, which agreement took effect from 9 September 2009, the date of completion of acquisition of Huada Electronics. Pursuant to the Huada Business Services Agreement, Huada Electronics sells products to the CEC Group and the CEC Group supplies raw materials and modules, provides processing, testing and assembling and canteen services to Huada Electronics. The Huada Business Services Agreement and the related annual caps were approved by the independent shareholders at the special general meeting held on 21 July 2008, details of which are set out in the circular dated 30 June 2008.

(ii) Members of the CEC Group are customers of Huada Electronics. Sales of products including integrated circuits cards and smart card modules and chips to the CEC Group were based on the Huada Business Services Agreement and were carried out on normal commercial terms and with reference to market rates.

附註：

(i) 中國電子信息產業集團有限公司(「中國電子集團」，連同其附屬公司，「中國電子集團成員公司」)為本公司之控股股東，因此亦為本公司之關連人士。

於2008年6月20日，華大電子與中國電子集團訂立一份綜合服務協議(「華大綜合服務協議」)，設定華大電子與中國電子集團成員公司間現有業務關係之框架，自2009年9月9日收購華大電子完成後生效。根據華大綜合服務協議，華大電子向中國電子集團成員公司銷售產品，而中國電子集團成員公司向華大電子供應原材料及模組、提供加工、成品測試及封裝服務及食堂服務。華大綜合服務協議及相關年度上限已由獨立股東於2008年7月21日舉行的股東特別大會上批准，有關詳情已載於日期為2008年6月30日的通函內。

(ii) 中國電子集團成員公司的成員為華大電子之客戶。向中國電子集團成員公司銷售產品包括集成電路卡及智能卡模組和芯片，乃根據華大綜合服務協議，並按一般商務條款和參考市場價格進行。

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(iii) Huada Electronics purchases raw materials and modules for the research and development of integrated circuits card, smart card and chip from members of the CEC Group. Member of CEC Group also provides processing, testing and assembling services to Huada Electronics. Purchases of raw materials and modules from the CEC Group and provision of processing, testing and assembling services by the CEC Group were based on the Huada Business Services Agreement and were carried out on normal commercial terms and with reference to market rates.

On 20 June 2008, Huada Electronics entered into a deposit services agreement with CEC Finance, a subsidiary of CEC, which took effect from 9 September 2009. Pursuant to which Huada Electronics will utilise the deposit services offered by CEC Finance. The interest rate for Huada Electronics' deposits with CEC Finance shall be the standard rates promulgated by the People's Bank of China for the same type of deposits and shall not be less than the rates offered to Huada Electronics by normal commercial banks in the PRC for comparable deposits. The maximum balance of deposits (including the interests accrued thereon) maintained by Huada Electronics with CEC Finance shall not exceed RMB10 million on any given day and Huada Electronics' actual balance of deposits with CEC Finance has not exceeded such amount.

The above continuing connected transactions have been reviewed by the independent non-executive directors of the Company. In the opinion of the independent non-executive directors of the Company, the above continuing connected transactions were carried out in the ordinary and usual course of business of the Group, on normal commercial terms and were in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

(iii) 華大電子向中國電子集團成員公司的成員採購供研發集成電路卡、智能卡及芯片的原材料及模組。中國電子集團成員公司成員向華大電子提供加工、成品測試及封裝服務。向中國電子集團成員公司採購原材料及模組和中國電子集團成員公司提供加工、成品測試及封裝服務乃根據華大綜合服務協議，並按一般商務條款和參考市場價格進行。

於2008年6月20日，華大電子與中國電子集團的附屬公司中電財務訂立一份存款服務協議，並自2009年9月9日起生效。據此，華大電子將使用中電財務提供之存款服務。華大電子於中電財務存款的利率須為中國人民銀行公佈的同類存款的標準利率，且不得低於一般商業銀行就可比較存款向華大電子提供的利率。華大電子於中電財務保存的存款最高餘額（包括存款產生之利息）於任何日期均不得超出人民幣10百萬元，而華大電子於中電財務存款的實際餘額並未超出此數額。

本公司獨立非執行董事已審閱上述持續關連交易，本公司獨立非執行董事認為，上述持續關連交易乃本集團於日常業務過程中按一般商務條款，以及規管該等交易之相關協議進行，而交易條款屬公平合理，並符合本公司股東之整體利益。

Report of the Directors 董事會報告

Based on the result of agreed upon procedures performed on the above continuing connected transactions, the auditors have confirmed that:

- these transactions had been approved by the board of directors of the Company;
- the selected transactions were in accordance with the pricing policies of the Group;
- the selected transactions were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- these transactions had not exceeded their respective caps as disclosed in previous announcements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following director of the Company is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group:

Name of director 董事姓名	Name of entity 實體名稱	Principal business of the entity 實體之主要業務	Nature of director's interest in the entity 董事於有關實體 之權益性質
Xiong Qunli 熊群力	CEC (Note) 中國電子集團 (附註)	Investment holdings 投資控股	Chairman 董事長

Note: CEC is the controlling shareholder of the Company. CEC is a state-owned nationwide electronics and information technology conglomerate, and has subsidiaries and associates engaged in mobile handsets and integrated circuits related businesses which compete or are likely to compete, directly or indirectly, with the business of the Group.

The above mentioned competing businesses are operated and managed by independent management and administration. The board of directors of the Company exercises independent judgment and is always acting for the interests of the Company and its shareholders as a whole. Accordingly, the Group is capable of carrying on its business independently of, and at arm's length from, the competing businesses mentioned above.

核數師根據對上述持續關連交易執行既定程序工作的結果確認：

- 該等交易已獲本公司董事會批准；
- 所選取交易按本集團之定價策略而進行；
- 所選取交易根據規管該等交易之相關協議之條款進行；及
- 該等交易並無超過先前公告披露的各個上限。

董事於競爭業務之權益

於年內及截至本報告日，下列本公司董事被視為擁有與本集團直接或間接構成或可能構成競爭之業務權益：

附註：中國電子集團為本公司之控股股東。中國電子集團為一家全國性電子及信息科技業務國有企業，其擁有經營移動電話及集成電路有關業務之附屬公司或聯營公司與本集團業務直接或間接構成或可能構成競爭。

上述之競爭業務均由獨立管理層和行政人員運作及管理。本公司董事會以本公司及其股東之整體利益行事及作出獨立判斷。因此，本集團有能力與該等競爭業務獨立及公平地經營業務。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS

At 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company that they had an interest of 5% or more in the issued share capital of the Company:

Name of shareholder	股東名稱	Number of shares held 持有股份數目	Percentage of shareholding 持股百分比
China Electronics Corporation (BVI) Holdings Company Limited ("CEC (BVI)")	China Electronics Corporation (BVI) Holdings Company Limited (「CEC (BVI)」)	812,500,000	48.03%
China Huada (Note 1)	中國華大 (附註1)	393,680,000	23.27%
CEC (Notes 1 and 2)	中國電子集團 (附註1及2)	1,206,180,000	71.30%
SDIC High-Tech Investment Co., Ltd. (Note 1)	國投高科技投資有限公司 (附註1)	393,680,000	23.27%
The State Development and Investment Corporation (Note 1)	國家開發投資公司 (附註1)	393,680,000	23.27%

Notes:

- The equity interest of China Huada is contributed as to 50% by CEC and as to 50% by SDIC High-Tech Investment Co., Ltd. SDIC High-Tech Investment Co., Ltd. is a wholly-owned subsidiary of The State Development and Investment Corporation, which is a state-owned investment holding company established under the laws of the PRC. By virtue of the SFO, CEC, SDIC High-Tech Investment Co., Ltd. and The State Development and Investment Corporation are deemed to be interested in the 393,680,000 shares of the Company which China Huada is interested in.
- CEC holds 100% interest in CEC (BVI) and is deemed to be interested in the shares held by CEC (BVI). The directors regard CEC, a state-owned enterprise established under the law of the PRC, as being the ultimate holding company of the Group.

All the interests disclosed above represent long position in the shares or underlying shares of the Company.

Save as disclosed above, at 31 December 2009, the Company had not been notified of any other interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO.

主要股東

於2009年12月31日，根據證券及期貨條例第336條本公司須備存之主要股東登記冊所示，下列股東已知會本公司彼等擁有本公司已發行股本5%或以上之權益：

附註：

- 中國華大之股本權益分別由中國電子集團及國投高科技投資有限公司各自出資50%。國投高科技投資有限公司為國家開發投資公司之全資附屬公司，而國家開發投資公司為一家根據中國法律成立之國有投資控股公司。根據證券及期貨條例，中國電子集團、國投高科技投資有限公司及國家開發投資公司被視為持有中國華大所持有之本公司393,680,000股股份權益。
- 中國電子集團持有CEC (BVI)之100%權益，因此被視為持有由CEC (BVI)持有之股份之權益。董事視中國電子集團（根據中國法律成立之國有企業）為本集團之最終控股公司。

所有上述所披露之權益均為本公司股份或相關股份之好倉。

除上文披露者外，於2009年12月31日，本公司並未獲知會有任何其他人士擁有本公司股份或相關股份須記錄於根據證券及期貨條例第336條須備存之主要股東登記冊內之權益或淡倉。

Report of the Directors 董事會報告

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares and the Company has not redeemed any of its shares during the year ended 31 December 2009.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentages of sales for the year attributable to the Group's major customers are as follows:

Sales

- the largest customer 29%
- five largest customers combined 45%

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases

- the largest supplier 14%
- five largest suppliers combined 32%

CEC Group is the beneficial owner of one of the five largest customers and four of the five largest suppliers of the Group. Details of the transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" above.

Save as disclosed above, none of the directors, their respective associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any interest in any of the five largest customers or suppliers noted above.

優先購買權

本公司之公司章程細則或百慕達法律均無有關優先購買權之條文。

購回、出售或贖回證券

於截至2009年12月31日止年度內，本公司或其任何附屬公司並無購買或出售任何本公司股份，且本公司亦無贖回其任何股份。

主要客戶及供應商

於本年度內，主要客戶佔本集團之銷售額之百分比如下：

銷售

- 最大客戶29%
- 首五大客戶合計45%

於本年度內，主要供應商佔本集團之採購額之百分比如下：

採購

- 最大供應商14%
- 首五大供應商合計32%

中國電子集團成員公司為本集團首五大客戶之其中一位的實益擁有人及首五大供應商之其中四位的實益擁有人。有關交易之詳情載於上文標題為「關連交易及持續關連交易」一節內。

除上文披露者外，概無董事、彼等各自的聯繫人或任何股東（據董事所知擁有本公司已發行股本5%以上者）擁有上文提述之首五大客戶或供應商之任何權益。

Report of the Directors

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee examined the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial statements. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2009.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Xiong Qunli
Chairman

Hong Kong, 19 April 2010

足夠公眾持股量

於本年報日，就可提供本公司之公開資料及就本公司董事所知，本公司已發行股份有足夠並不少於上市規則規定25%之公眾持股量。

審核委員會

審核委員會已審閱本集團所採納的會計政策及慣例，並已與管理層討論其內部控制及財務報表。審核委員會已審閱本集團截至2009年12月31日止年度的經審核財務報表。

核數師

財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將於即將舉行之股東週年大會上任滿告退，並願意膺選連任。

承董事會命

主席
熊群力

香港，2010年4月19日

Independent Auditor's Report 獨立核數師報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
www.pwchk.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

*(incorporated in the Cayman Islands and continued in
Bermuda with limited liability)*

We have audited the consolidated financial statements of China Electronics Corporation Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 114, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

獨立核數師報告

致中國電子集團控股有限公司全體股東

*(於開曼群島註冊成立及於百慕達繼續經營之有
限公司)*

本核數師已審核列載於第38頁至第114頁之中國電子集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此綜合財務報表包括於2009年12月31日之綜合及公司資產負債表與截至該日止年度之綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表,以及重大會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

貴公司之董事須負責根據香港會計師公會頒佈之香港財務報告準則及按照香港《公司條例》的披露規定編製及真實兼公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實兼公平地列報財務報表相關之內部控制,以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述;選擇和應用適當之會計政策;及按情況下作出合理之會計估計。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

核數師之責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並根據百慕達1981年《公司法》第90條僅向全體股東報告我們的意見，除此之外不可用作其他用途，而我們不會就本報告之內容對任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實兼公平地列報財務報表相關之內部控制，以設計適當之審核程序，但並非為對該公司之內部控制之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證足以充份和適當地為我們的審核意見提供基礎。

Independent Auditor's Report 獨立核數師報告

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 April 2010

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實兼公平地反映 貴公司與 貴集團於2009年12月31日之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並已按照香港《公司條例》之披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，2010年4月19日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2009 截至2009年12月31日止年度

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
	Note 附註		
Continuing operations	持續經營之業務		
Revenue	收入	460,533	621,805
Cost of sales	銷售成本	(287,848)	(388,990)
Gross profit	毛利	172,685	232,815
Other gains – net	其他收益 – 淨額	38,297	20,140
Selling and marketing costs	銷售及市場推廣成本	(22,326)	(15,948)
Administrative expenses	行政開支	(128,954)	(117,516)
Operating profit	經營溢利	59,702	119,491
Finance income – net	融資收入 – 淨額	1,293	2,080
Profit before income tax	除所得稅前溢利	60,995	121,571
Income tax expense	所得稅開支	(7,171)	(16,997)
Profit for the year from continuing operations	持續經營之業務之 本年度溢利	53,824	104,574
Discontinued operation	已終止經營之業務		
Loss for the year from discontinued operation	已終止經營之業務之 本年度虧損	(15,819)	(324,068)
Profit/(Loss) for the year	本年度溢利/(虧損)	38,005	(219,494)
Attributable to:	歸屬於:		
– Shareholders of the Company	– 本公司股東	41,072	(146,327)
– Minority interests	– 少數股東	(3,067)	(73,167)
		38,005	(219,494)
		HK cents 港仙	HK cents 港仙
Earnings/(Loss) per share	每股盈利/(虧損)	14	
From continuing and discontinued operations	持續經營及已終止經營之業務		
– Basic	– 基本	2.66	(9.91)
– Diluted	– 攤薄	2.66	(9.91)
From continuing operations	持續經營之業務		
– Basic	– 基本	2.32	4.35
– Diluted	– 攤薄	2.32	4.35
Dividends	股息	15	–

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2009 截至2009年12月31日止年度

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Profit/(Loss) for the year	本年度溢利／(虧損)	38,005	(219,494)
Other comprehensive income for the year:	本年度其他全面收益：		
Exchange differences on translation of financial statements of foreign operations	換算海外業務賬目的匯兌差額	(7,242)	32,331
Total comprehensive income for the year	本年度全面收益總額	30,763	(187,163)
Attributable to:	歸屬於：		
– Shareholders of the Company	– 本公司股東	33,830	(124,849)
– Minority interests	– 少數股東	(3,067)	(62,314)
		30,763	(187,163)

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2009 於2009年12月31日

			31 December 2009 2009年12月31日	31 December 2008 2008年12月31日
		Note 附註	HK\$'000 千港元	HK\$'000 千港元 (Restated) (重列)
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	22,334	68,080
Intangible assets	無形資產	17	3,984	18,495
Deferred taxation assets	遞延稅項資產	11	12,921	59,588
Interests in an associate	於聯營公司之權益	19	741	494
Available-for-sale financial assets	可供出售金融資產	20	2,271	2,268
			42,251	148,925
Current assets	流動資產			
Inventories	存貨	21	84,610	596,320
Trade and other receivables	貿易及其他應收款項	22	208,509	694,687
Financial assets at fair value through profit or loss	按公允值於損益列賬之 金融資產	23	-	1,271
Cash and cash equivalents	現金及現金等價物	24	397,420	560,164
			690,539	1,852,442
Total assets	資產總額		732,790	2,001,367
EQUITY	權益			
Capital and reserves attributable to the Company's shareholders	本公司股東應佔 資本及儲備			
Issued equity	已發行權益	25	889,171	728,323
Other reserves	其他儲備	26	(346,842)	(205,203)
Accumulated losses	累計虧損		(138,000)	(84,045)
			404,329	439,075
Minority interests	少數股東權益		-	117,226
Total equity	權益總額		404,329	556,301
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	27	305,746	905,881
Short term bank loans	短期銀行貸款	28	22,715	496,170
Provision for warranty	保用撥備	29	-	43,015
Total liabilities	負債總額		328,461	1,445,066
Total equity and liabilities	權益及負債總額		732,790	2,001,367
Net current assets	流動資產淨值		362,078	407,376
Total assets less current liabilities	總資產減流動負債		404,329	556,301

Xiong Qunli 熊群力
Director 董事Fan Qingwu 范卿午
Director 董事

Balance Sheet 資產負債表

At 31 December 2009 於2009年12月31日

			31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元
		Note 附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	202	587
Investments in subsidiaries	附屬公司之投資	18	564,980	11,700
			565,182	12,287
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項	22	5,651	589
Cash and cash equivalents	現金及現金等價物	24	204,914	215,870
			210,565	216,459
Total assets	資產總額		775,747	228,746
EQUITY	權益			
Capital and reserves	資本及儲備			
Share capital	股本	25	889,171	335,891
Other reserves	其他儲備	26	64,718	68,813
Accumulated losses	累計虧損		(182,682)	(181,486)
Total equity	權益總額		771,207	223,218
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	27	4,540	5,528
Total equity and liabilities	權益及負債總額		775,747	228,746
Net current assets	流動資產淨值		206,025	210,931
Total assets less current liabilities	總資產減流動負債		771,207	223,218

Xiong Qunli 熊群力
Director 董事

Fan Qingwu 范卿午
Director 董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2009 截至2009年12月31日止年度

		Attributable to shareholders of the Company 本公司股東應佔					
		Issued equity 已發行權益	Other reserves 其他儲備	Retained earnings/ (accumulated losses) 保留溢利/ (累計虧損)	Total 合計	Minority interests 少數股東權益	Total equity 權益總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	Note 附註						
At 1 January 2008, as previously reported	於2008年1月1日 (如以往所報告)	370,074	71,807	29,889	471,770	129,066	600,836
Merger of Huada Electronics Group	與華大電子集團合併 2.1	358,249	(306,354)	143,373	195,268	107,368	302,636
At 1 January 2008, as restated	於2008年1月1日 (重列)	728,323	(234,547)	173,262	667,038	236,434	903,472
Total comprehensive income	全面收益總額	-	21,478	(146,327)	(124,849)	(62,314)	(187,163)
Transfer to paid-in capital of Huada Electronics	轉撥至華大電子實收資本	-	9,005	(9,005)	-	-	-
Disposal of subsidiaries by Huada Electronics	華大電子出售附屬公司	-	(43)	-	(43)	(782)	(825)
Share option lapsed	已失效購股權 26	-	(4,822)	4,822	-	-	-
Transfer to other reserves	轉撥至其他儲備 26	-	3,726	(3,726)	-	-	-
Dividends paid by Huada Electronics before acquisition	華大電子於收購前支付 之股息	-	-	(103,071)	(103,071)	(56,112)	(159,183)
At 31 December 2008, as restated	於2008年12月31日 (重列)	728,323	(205,203)	(84,045)	439,075	117,226	556,301
At 1 January 2009	於2009年1月1日	728,323	(205,203)	(84,045)	439,075	117,226	556,301
Total comprehensive income	全面收益總額	-	(7,242)	41,072	33,830	(3,067)	30,763
Issue of consideration shares	發行對價股份 25	195,031	(134,832)	-	60,199	(60,199)	-
Disposal of subsidiaries (Sang Fei (BVI))	出售附屬公司(桑菲(BVI)) 26	(34,183)	4,530	-	(29,653)	-	(29,653)
Share option lapsed	已失效購股權 26	-	(4,095)	4,095	-	-	-
Dividends paid by Huada Electronics before acquisition	華大電子於收購前支付 之股息	-	-	(99,122)	(99,122)	(53,960)	(153,082)
At 31 December 2009	於2009年12月31日	889,171	(346,842)	(138,000)	404,329	-	404,329

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 December 2009 截至2009年12月31日止年度

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
	Note 附註		
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	經營產生之現金 30	226,046	201,841
Interest paid	支付利息	(32,294)	(37,898)
Income tax paid	支付所得稅	(10,855)	(29,669)
Net cash generated from operating activities	經營活動產生之現金淨額	182,897	134,274
Cash flows from investing activities	投資活動之現金流量		
Dividend received	收取股息	227	567
Interest received	收取利息	4,334	10,462
Purchase of property, plant and equipment and intangible assets	購買物業、廠房及設備及無形資產	(20,658)	(44,383)
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	7,756	418
Disposal of available-for-sale financial assets	出售可供出售金融資產	-	3,136
Disposal of subsidiaries (Sang Fei (BVI))	出售附屬公司(桑菲(BVI)) 18	(216,063)	-
Disposal of subsidiaries by Huada Electronics	華大電子出售附屬公司	-	(13,094)
Net cash used in investing activities	投資活動所用之現金淨額	(224,404)	(42,894)
Cash flows from financing activities	融資活動之現金流量		
Dividend paid by Huada Electronics before acquisition	華大電子於收購前支付之股息	(155,721)	(156,544)
Proceeds from bank loans	銀行貸款所得款項	1,382,533	1,545,863
Repayment of bank loans borrowed	償還銀行貸款	(1,334,408)	(1,511,640)
Net cash used in financing activities	融資活動所用之現金淨額	(107,596)	(122,321)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(149,103)	(30,941)
Effect on foreign exchange rate changes	匯率變動之影響	(13,641)	10,462
Cash and cash equivalents at beginning of the year	年初之現金及現金等價物	560,164	580,643
Cash and cash equivalents at end of the year	年終之現金及現金等價物 24	397,420	560,164

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

1. GENERAL INFORMATION

China Electronics Corporation Holdings Company Limited (the "Company") was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company has its shares listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The ultimate holding company of the Company is China Electronics Corporation Limited ("CEC"), which is established in the People's Republic of China ("PRC").

On 20 June 2008, the Company entered into agreements with the then shareholders of CEC Huada Electronic Design Co., Ltd. ("Huada Electronics") for the acquisition of the entire equity interests of Huada Electronics ("Huada Acquisition"). Huada Electronics is primarily engaged in the design, research and development and sales of integrated circuits. Completion of the Huada Acquisition took place on 9 September 2009 and Huada Electronics has become a wholly-owned subsidiary of the Company.

Prior to the Huada Acquisition, Huada Electronics was owned as to 64.75% by China Huada Integrated Circuit Design (Group) Co., Ltd. ("China Huada") which in turn is owned as to 50% by each of CEC and The State Development and Investment Corporation ("SDIC"). Both CEC and SDIC are state-owned enterprises and controlled by State-owned Assets Supervision and Administration Commission of the State Council. The Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("HKAG 5") issued by the Hong Kong Institute of Certified Public Accountants, in accounting for the Huada Acquisition. Financial statements of Huada Electronics have been included in the consolidated financial statements of the Company for the year ended 31 December 2009, and for any comparative periods disclosed as if the acquisition had occurred at the previous balance sheet dates presented.

1. 一般資料

中國電子集團控股有限公司(「本公司」)為一家於開曼群島註冊成立，並於百慕達繼續經營的有限責任公司。本公司股份在香港聯合交易所有限公司上市。本公司的註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司之最終控股公司為中國電子信息產業集團有限公司(「中國電子集團」)(一家於中華人民共和國(「中國」)成立之企業)。

於2008年6月20日，本公司與北京中電華大電子設計有限責任公司(「華大電子」)當時之股東訂立協議以收購華大電子全部股本權益(「華大收購」)。華大電子主要從事集成電路之設計、研發及銷售。華大收購事項於2009年9月9日完成，華大電子成為本公司之全資附屬公司。

於華大收購事項前，華大電子由中國華大集成電路設計集團有限公司(「中國華大」)持有其64.75%之權益，而中國華大則由中國電子集團及國家開發投資公司(「國家開發投資公司」)各自持有50%權益。而中國電子集團及國家開發投資公司均是由國務院國有資產監督管理委員會控制之國有企業。本公司對華大收購事項進行會計處理時，採用香港會計師公會頒佈之香港會計指引第5號「共同控制合併之合併會計法」(「香港會計指引第5號」)所述之合併會計原則。華大電子之財務報表已計入本公司截至2009年12月31日止年度之綜合財務報表，並計入本公司所披露之任何比較期間之綜合財務報表，猶如收購事項已於先前呈列之資產負債表日已發生。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

1. GENERAL INFORMATION (Cont'd)

On 9 November 2009, the Company entered into a sale and purchase agreement with P-Marshall Hong Kong Limited and Shenzhen SED Electronics Group Co., Ltd. for the disposal of the entire issued share capital of Sang Fei (BVI) Company Limited ("Sang Fei (BVI)") for a cash consideration of HK\$10 million. P-Marshall Hong Kong Limited is a subsidiary of CEC, the ultimate holding company of the Company. Sang Fei (BVI)'s principal asset is the holding of 65% equity interest in Shenzhen Sang Fei Consumer Communications Company Limited ("Sang Fei"). The disposal was completed on 29 December 2009. The principal activities of Sang Fei are the manufacturing and sales of mobile handsets and other portable electronics products.

Following completion of the disposal of Sang Fei (BVI), Huada Electronics is the principal operating subsidiary of the Company and the principal activities of the Company and its subsidiaries (collectively the "Group") are the design, research and development and sales of integrated circuits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

1. 一般資料 (續)

於2009年11月9日，本公司與P-Marshall Hong Kong Limited及深圳桑達電子集團有限公司訂立買賣協議，出售Sang Fei (BVI) Company Limited (「桑菲(BVI)」)之全部已發行股本，現金代價為10百萬港元。P-Marshall Hong Kong Limited為本公司最終控股公司中國電子集團之附屬公司。桑菲(BVI)之主要資產為持有深圳桑菲消費通信有限公司(「桑菲」)65%股本權益。出售事項已於2009年12月29日完成。桑菲之業務主要為製造及銷售移動電話及其他手提電子產品。

於桑菲(BVI)出售事項完成後，華大電子成為本公司之主要營運附屬公司，本公司及其附屬公司(統稱「本集團」)的主要業務是集成電路之設計、研發及銷售。

2. 重大會計政策概要

編製本綜合財務報表所採用的主要會計政策載列如下。除另有指明者外，此等政策一直貫徹應用於所有呈報之年度。

2.1 編製基準

(a) 符合香港財務報告準則

本集團的綜合財務報表乃依據由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)編製。本綜合財務報表是按歷史成本常規法編製，並已就按公允值計入損益的金融資產和金融負債的重估而作出修訂。

編製符合香港財務報告準則的綜合財務報表須使用若干關鍵之會計估算，管理層在運用本集團的會計政策過程中亦須行使其判斷。對本綜合財務報表而言涉及高度判斷或複雜性的事項，或涉及重要範疇的假設及估算，在附註4中披露。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(a) Compliance with HKFRS (Cont'd)

These consolidated financial statements have also been prepared using the principles of merger accounting, as prescribed in HKAG 5. These consolidated financial statements include the financial position, results and cash flows of the companies comprising Huada Electronics and its subsidiaries ("Huada Electronics Group") as if the Huada Acquisition had occurred at previous balance sheet dates presented. Comparative figures at 31 December 2008 and for the year ended 31 December 2008 have been restated on such basis.

The effects arising from the common control combination and the disposal of Sang Fei (BVI) and its subsidiaries on the consolidated balance sheet at 31 December 2008, consolidated income statement and consolidated cash flow statement for the year ended 31 December 2008 are summarised as follows:

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(a) 符合香港財務報告準則 (續)

本綜合財務報表亦已採用香港會計指引第5號所規定之合併會計原則編製。本綜合財務報表包括組成華大電子及其附屬公司(「華大電子集團」)之財務狀況、業績及現金流量，猶如華大收購事項已於先前呈列之資產負債表日已發生。於2008年12月31日及截至2008年12月31日止年度之比較數字已按此基準重列。

以下概述共同控制合併及出售桑菲(BVI)及其附屬公司對於2008年12月31日之綜合資產負債表、截至2008年12月31日止年度之綜合收益表及綜合現金流量表之影響：

		Amount previously reported (Audited) 以往報告上之 金額(經審核) HK\$'000 千港元	Merger of the Huada Electronics Group 與華大電子 集團合併 HK\$'000 千港元 (1)	Disposal of Sang Fei (BVI) 出售桑菲 (BVI) HK\$'000 千港元 (2)	Restated (Audited) 重列 (經審核) HK\$'000 千港元
(i) The consolidated income statement for the year ended 31 December 2008:	(i) 截至2008年12月31日止年度之綜合收益表：				
Continuing operations:	持續經營之業務：				
Revenue	收入	2,267,343	621,805	(2,267,343)	621,805
Profit for the year from continuing operations	持續經營之業務之年度溢利	(333,459)	113,965	324,068	104,574
Discontinued operation:	已終止經營之業務：				
Loss from discontinued operation (Note 12)	已終止經營之業務之虧損(附註12)	-	-	(324,068)	(324,068)
(Loss)/Profit for the year	本年度(虧損)/溢利	(333,459)	113,965	-	(219,494)

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(a) Compliance with HKFRS (Cont'd)

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(a) 符合香港財務報告準則 (續)

		Amount previously reported (Audited) 以往報告上之 金額 (經審核) HK\$'000 千港元	Merger of the Huada Electronics Group 與華大電子 集團合併 HK\$'000 千港元 (1)	Restated (Audited) 重列 (經審核) HK\$'000 千港元
(ii) The consolidated balance sheet at 31 December 2008:	(ii) 於2008年12月31日之 綜合資產負債表：			
Total current assets	總流動資產	1,298,447	553,995	1,852,442
Total assets	資產總額	1,410,496	590,871	2,001,367
Total current liabilities and liabilities	總流動負債及負債總額	1,126,888	318,178	1,445,066
Total equity	權益總額	283,608	272,693	556,301
(iii) The consolidated cash flow statement for the year ended 31 December 2008:	(iii) 截至2008年12月31日止 年度之綜合現金流量表：			
Net cash (used in)/generated from operating activities	經營活動 (所用) / 產生之現金淨額	(75,817)	210,091	134,274
Net cash used in investing activities	投資活動所用之現金淨額	(29,497)	(13,397)	(42,894)
Net cash generated from/(used in) financing activities	融資活動產生 / (所用) 之現金淨額	56,702	(179,023)	(122,321)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(a) Compliance with HKFRS (Cont'd)

- (1) The financial information of the Huada Electronics Group at 31 December 2008 and for the year ended 31 December 2008 are included using the principles of merger accounting as prescribed in HKAG 5 as stated above.
- (2) The audited revenue and loss related to the operating result of the Sang Fei (BVI) and its subsidiaries for the year ended 31 December 2008 are presented under "loss from discontinued operation" as required by HKFRS 5.

(b) New standards, amendments to standards and interpretations

During the year ended 31 December 2009, the Group has adopted all of the following new or revised HKFRS, which term collectively includes Hong Kong Accounting Standards ("HKAS") and related interpretations, that are relevant to its operations and effective for the accounting period beginning on 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
Amendments to HKFRS 1 and HKAS 27	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 8	Operating Segments
Amendments to HKFRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
Amendment to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations

Improvements to HKFRSs (October 2008)

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(a) 符合香港財務報告準則 (續)

- (1) 華大電子集團於2008年12月31日及截至2008年12月31日止年度之財務資料，乃採用上述香港會計指引第5號所規定之合併會計原則處理。
- (2) 與桑菲(BVI)及其附屬公司截至2008年12月31日止年度經營業績相關之經審核收入及虧損，已遵照香港財務報告準則第5號規定列作「已終止經營之業務之虧損」處理。

(b) 新訂準則、準則修訂及詮釋

於截至2009年12月31日止年度，本集團已採納下列與其業務有關及於2009年1月1日起之會計期間生效之新訂或經修訂香港財務報告準則，包括香港會計準則（「香港會計準則」）及相關詮釋：

香港會計準則第1號(修訂)	財務報表的呈報
香港會計準則第23號(修訂)	借貸成本
香港財務報告準則第1號及香港會計準則第27號(修訂)	綜合及獨立財務報表 – 投資於附屬公司、共同控制實體或聯營公司的投資成本
香港財務報告準則第8號	營運分部
香港財務報告準則第7號(修訂)	金融工具之披露 – 改進金融工具之披露
香港財務報告準則第2號(修訂)	以股份形式之付款 – 歸屬條件及註銷

香港財務報告準則之改進(2008年10月)

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

The adoption of such standards did not have any significant effect on results or financial positions of the Group for the current year. However, as a result of the adoption of HKAS 1 (Revised) "Presentation of Financial Statements", changes in equity arising from transactions with shareholders in their capacity as shareholders are presented separately in a revised statement of changes in equity. All other items of income and expenses are presented in the consolidated statement of comprehensive income, if they are recognised as part of profit or loss for the year.

HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. On first-time adoption of HKFRS 8 "Operating Segments", the Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 "Segment Reporting".

The Group has early adopted HKAS 24 (Revised) "Related Party Disclosures" for the current year's financial statements in advance of its effective date which is 1 January 2011. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. The 2008 comparatives have been restated on the new basis.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(b) *新訂準則、準則修訂及詮釋 (續)*

採納該等準則不會對本集團於本年度之業績或財務狀況構成重大影響。然而，由於採納香港會計準則第1號(修訂)「財務報表的呈報」，股東以股權的持有人身份進行的交易所產生的權益變動，於修訂的權益變動表另行呈報。所有其他收入和開支若須確認為本年度損益時，在綜合全面收益表內呈列。

香港財務報告準則第8號「營運分部」取代香港會計準則第14號「分部報告」。該準則要求根據一個「管理理念」，把分部資料按用作內部報告用途的基準呈列。於首次採納香港財務報告準則第8號「營運分部」，本集團確定營運分部與之前按香港會計準則第14號「分部報告」所劃分的業務分部相同。

本集團提前採納於2011年1月1日起生效之香港會計準則第24號(修訂)「關連人士披露」，修訂後之準則簡化了同受政府控制、共同控制或政府能夠施加重大影響之實體之披露要求並澄清了關連人士之定義。2008年之比較數據已根據該修訂準則予以重列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) New standards, amendments to standards and interpretations (Cont'd)

At the date of authorisation of this consolidated financial statements, the following new or revised standards, amendments to standards and interpretations to existing standard have been issued but are not yet effective:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective from 1 July 2009)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues (effective from 1 February 2010)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from 1 January 2010)
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective from 1 January 2010)
HKFRS 3 (Revised)	Business Combinations (effective from 1 July 2009)
HKFRS 9	Financial Instruments (effective from 1 January 2013)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners (effective from 1 July 2009)
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010)
Annual Improvements Project	Improvements to HKFRSs 2009

The Group did not early adopt any of these new or revised standards, amendments to standards and interpretations to existing standards. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

(b) 新訂準則、準則修訂及詮釋 (續)

於授權刊發本綜合財務報表當日，已頒佈但尚未生效之新訂或經修訂準則、準則之修訂本及對現有準則之詮釋如下：

香港會計準則第27號 (修訂)	合併財務報表和獨立財務報表 (由2009年7月1日起生效)
香港會計準則第32號 (修訂)	金融工具：列報 – 供股之分類 (由2010年2月1日起生效)
香港會計準則第39號 (修訂)	金融工具：確認和計量 – 合資格對沖項目 (由2010年1月1日起生效)
香港財務報告準則第2號 (修訂)	以股份形式之付款 – 集團以現金結算之以股份形式之付款交易 (由2010年1月1日起生效)
香港財務報告準則第3號 (修訂)	企業合併 (由2009年7月1日起生效)
香港財務報告準則第9號	金融工具 (由2013年1月1日起生效)
香港 (國際財務報告詮釋委員會) – 詮釋第14號 (修訂)	預付最低撥款規定之款項 (由2011年1月1日起生效)
香港 (國際財務報告詮釋委員會) – 詮釋第17號	向擁有人分派非現金資產 (由2009年7月1日起生效)
香港 (國際財務報告詮釋委員會) – 詮釋第19號	以權益工具撤銷金融負債 (由2010年7月1日起生效)
年度改進項目	香港財務報告準則之改進2009

本集團並無提早採納任何此等新訂或經修訂準則、準則之修訂本及對現有準則之詮釋。管理層目前正在評估該等修訂對本集團財務狀況及表現之影響。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries are stated at cost less provision for impairment losses in the Company's balance sheet (Note 2.7). The results of subsidiaries are accounted for in the Company's income statement to the extent of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with shareholders of the Group. For purchases from minority interests, the difference between the fair value of consideration paid and the relevant share acquired of the fair value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

2. 重大會計政策概要 (續)

2.2 綜合賬目

(a) 附屬公司

附屬公司指本集團有權管控其財政及營運政策的所有實體(包括特殊目的實體)，一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予考慮。附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

收購會計法乃用作本集團收購附屬公司的入賬方法。收購的成本根據於交易日期所給予資產、所發行的股本工具及所產生或承擔的負債的公允值計算，另加該收購直接應佔的費用。在企業合併中所收購可識別的資產以及所承擔的負債及或然負債，首先以彼等於收購日期的公允值計量，而不考慮任何少數股東權益的數額。收購成本超過本集團應佔所收購可識別資產淨值公允值的數額記錄為商譽。若收購成本低於所購入附屬公司資產淨值的公允值，該差額直接在綜合收益表確認。

集團內公司間之交易、結餘及未實現交易收益予以對銷。未實現虧損亦予以對銷。附屬公司之會計政策於綜合財務報表中已按需要作出改變，以確保與本集團所採納之政策一致。

在本公司之資產負債表中，於附屬公司之投資乃按成本扣除減值虧損撥備而列賬(附註2.7)。附屬公司業績由本公司按已收股息及應收股息計入本公司之收益表內。

(b) 與少數股東進行的交易

本集團採用之政策乃將其與少數股東進行之交易視為與集團股東進行之交易。向少數股東進行購置，所支付的代價之公允值與相關應佔所收購附屬公司淨資產之公允值的差額於權益中記賬。向少數股東進行的出售，所得盈虧亦於權益中記賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(c) Common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All inter-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination is recognised as an expense in the period in which it is incurred.

The difference between the share capital of entities combined and the fair value of consideration paid has been recorded in the merger reserve in consolidated financial statements.

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 共同控制下的合併會計法

當共同控制企業合併發生時，綜合財務報表包括被合併實體或業務的財務報表，猶如被合併的實體或業務在開始處於控制所有者的控制下就已經被合併。

從控制方的角度，被合併的實體或業務的淨資產以賬面值合併。在共同控制企業合併中產生的商譽或收購方應佔被收購方可辨認資產、負債及或然負債的公允值超過收購成本的金額不予確認。

綜合收益表包括每一個被合併實體或業務於其最早呈列日期披露或合併實體或業務首次受到共同控制時（以較遲者為準）的業績，而不考慮共同控制企業合併日之因素。

綜合財務報表中的比較數字，已假設被合併實體或業務已於先前呈列之資產負債表日合併已發生或首次受到共同控制時（以較遲者為準）之基準呈列。

這些實體採用統一的會計政策。集團內被合併實體或業務之間的所有交易、餘額及在交易中獲得的未實現收益在合併中抵銷。

共同控制下的合併發生的交易成本（包括專業服務費、註冊費、提供資訊予股東的成本，將先前個別業務合併產生的成本或損失等），於發生時計入當期費用。

合併實體之股本與收購所付之代價之公允值的差額於綜合財務報表中的合併儲備中列示。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (Note 2.6).

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves in consolidated financial statements. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in associates are stated at cost less provision for impairment losses in the Company's balance sheet (Note 2.7). The results of associates are accounted for in the Company's income statement to the extent of dividend received and receivable.

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(d) 聯營公司

聯營公司指集團對其有重大影響力但不持有控制權之一切實體，並通常持有20%至50%投票權的股權。聯營公司之業績、資產及負債乃按權益會計法納入綜合財務報表內。根據權益法，於聯營公司之投資乃按成本另就本集團分佔聯營公司之資產淨值於收購後之變動調整，減任何已識別減值虧損列於綜合資產負債表。集團於聯營公司的投資包括收購時確認之商譽(扣除任何累計減值虧損)(附註2.6)。

集團分佔聯營公司收購後的溢利或虧損於綜合收益表中確認，而分佔收購後的儲備變動於綜合財務報表之儲備中確認。當集團分佔聯營公司虧損等於或大於其於聯營公司的權益(包括任何其他無抵押之應收款項)時，集團不再確認進一步的虧損。額外分佔之虧損會作出撥備及確認為負債，惟僅以本集團在其須向該聯營公司承擔法定或推定責任或代其支付款項為限。

集團與其聯營公司間交易之未實現收益按集團於聯營公司之權益為限予以對銷。未實現虧損亦作對銷，除非交易提供所轉讓資產出現減值之證據。聯營公司之會計政策已按需要作出改變以確保與集團所採納之政策一致。

於本公司之資產負債表中，於聯營公司之投資按成本扣除減值虧損撥備而列賬(附註2.7)。聯營公司之業績由本公司按已收股息及應收股息計入本公司之收益表內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income/(costs) – net". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses) – net".

2. 重大會計政策概要 (續)

2.3 分部報告

營運分部之呈報方式與提供予主要營運決策者之內部報告一致。負責分配資源及評估營運分部的表現之主要營運決策者為作出策略決定之董事會。

2.4 外幣換算

(a) 功能貨幣及列賬貨幣

本集團旗下各實體之財務報表項目乃以該實體營運所在主要經濟環境所使用之貨幣(「功能貨幣」)計算。綜合財務報表以港幣呈報，港幣為本公司的功能貨幣及本集團的列賬貨幣。

(b) 交易及結餘

外幣交易採用交易日期的匯率換算為功能貨幣。結算此等交易產生的匯兌盈虧及將外幣計值的貨幣資產和負債按年終匯率換算產生的匯兌盈虧在綜合收益表確認。

與借貸和現金及現金等價物有關的匯兌盈虧在綜合收益表內的「融資收入／(成本)－淨額」中呈列。所有其他匯兌盈虧在綜合收益表內的「其他收益／(虧損)－淨額」中呈列。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currency translation (Cont'd)

(c) Group companies

For the purpose of presenting consolidated financial statements, the results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of, such exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

2. 重大會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團內公司

就呈報綜合財務報表而言，功能貨幣與列賬貨幣不同的所有集團實體成員（當中沒有成員的貨幣列為嚴重通脹貨幣）的業績和財務狀況按如下方法換算為列賬貨幣：

- 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- 每份收益表內的收入和開支按平均匯率換算（除非此匯率並不代表交易日期匯率的累計影響的合理約數，則收支項目按交易日期的匯率換算）；及
- 所有由此產生的匯兌差額確認為權益的獨立組成項目。

在處理綜合賬目時，換算海外業務的淨投資以及換算借貸所產生的匯兌差額列入股東權益。當售出部份海外業務時，該等匯兌差額在綜合收益表確認為出售盈虧的一部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

– Leasehold improvements	5 years (or over the lease term, whichever is shorter)
– Plant and machinery	3-10 years
– Motor vehicles	5 years
– Furniture and fixtures	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals or retirement are determined by comparing the proceeds with the carrying amount of the asset and are recognised within "other gains/(losses) – net", in the consolidated income statement.

2. 重大會計政策概要 (續)

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊及減值虧損後列賬。歷史成本包括收購該項目直接應佔之開支。

資產之其後發生之成本只有在與該項目有關之未來經濟利益有可能流入本集團及項目成本能可靠計量時，方會計入資產賬面值或確認為一項獨立資產（視乎情況而定）。所有其他維修及保養成本在產生之財務期間於綜合收益表支銷。

物業、廠房及設備之折舊乃以直線法計算，按其估計可使用年期分攤成本，有關估計可使用年期如下：

– 租賃物業裝修	5年或租約年期（以較短者為準）
– 廠房及機器	3至10年
– 車輛	5年
– 傢俬及裝置	3至5年

資產的剩餘價值及可使用年期在每個結算日進行檢討及調整（如適用）。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回價值（附註2.7）。

出售或報廢的盈虧按所得款項與相關資產賬面值的差額釐定，並在綜合收益表內的「其他收益／（虧損）－淨額」中確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment loss on goodwill is recognised in the consolidated income statement and is not reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

If the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition exceeds the cost of acquisition, the excess is recognised immediately in the consolidated income statement.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of four to five years. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;

2. 重大會計政策概要 (續)

2.6 無形資產

(a) 商譽

商譽乃指收購成本超過本集團於收購當日應佔所收購附屬公司之可辨認資產淨值之公允值之差額。本集團每年會對商譽進行減值測試，並按成本減累計減值虧損列賬。商譽的減值虧損於綜合收益表中確認且於日後不會撥回。出售某個實體之盈虧包括與該被出售實體有關之商譽賬面值。

就減值測試而言，商譽被分配至相關現金產生單位。有關商譽會分配到預期會從產生有關商譽的業務合併中受惠的該等現金產生單位或各組現金產生單位。

倘本集團於收購當日應佔所收購附屬公司之可辨認資產淨值之公允值超出收購成本，超出金額即時於綜合收益表確認。

(b) 電腦軟件

所購入的電腦軟件使用許可權乃根據收購特定軟件及使該電腦軟件達到可使用所產生之成本予以資本化。該等成本乃在其估計可使用年期（四至五年）內予以攤銷。當且僅當能證明以下所有各項時，投放於設計和測試中的可識別和獨有軟件產品的直接開發成本可確認為無形資產：

- 完成該軟件產品以使其可供使用，而在技術上是可行的；
- 管理層有意圖完成並使用或出售該軟件產品；
- 有能力使用或出售該軟件產品；

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Intangible assets (Cont'd)

(b) Computer software (Cont'd)

- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using straight-line method over their estimated useful lives, which does not exceed five years.

2.7 Impairment of investments in subsidiaries, associate and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2. 重大會計政策概要 (續)

2.6 無形資產 (續)

(b) 電腦軟件 (續)

- 可證實該軟件產品如何產生很有可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發並使用或出售該軟件產品；及
- 該軟件產品在開發期內應佔的開支能可靠地計量。

可資本化成為軟件產品成本的直接成本包括軟件開發的員工成本和適當比例的相關經常開支。與維護電腦軟件程序有關的成本在產生時確認為費用。

不符合以上條件的其他開發支出在發生時確認為開支。以往確認為費用的開發成本不會在往後期間確認為資產。

確認為資產的電腦軟件開發成本乃以直線法按估計可使用年期（不超過五年）攤銷。

2.7 於附屬公司及聯營公司之投資及非金融資產之減值

沒有確定使用年期之資產（例如商譽）無需攤銷，但每年須就減值進行測試。各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允值扣除銷售成本或使用價值兩者之較高者為準。為作評估減值，資產按可分開識別現金流量（現金產生單位）的最低層次分類。除商譽外，已蒙受減值的非金融資產在每個結算日均就減值是否可以撥回進行檢討。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets into three categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading purposes. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Notes 2.11 and 2.12).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date, which are classified as current assets.

2. 重大會計政策概要 (續)

2.8 金融資產

2.8.1 分類

本集團將金融資產項目劃分為三類別：按公允值於損益列賬之金融資產、貸款及應收款項以及可供出售金融資產。分類方法乃取決於金融資產之收購目的。管理層將於始初確認時為其金融資產分類。

(a) 按公允值於損益列賬之金融資產

按公允值於損益列賬之金融資產乃指持作買賣用途之金融資產。如收購的資產主要是為了在短期內出售，則劃分為此類別。衍生工具亦會被劃分為持作買賣用途，被指定為對沖項目者則屬例外。此類別的資產分類為流動資產。

(b) 貸款及應收款項

貸款及應收款項為具有固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等項目包括於流動資產內，但若到期日由結算日起計超過12個月者，則分類為非流動資產。本集團之貸款及應收款項包括資產負債表中之「貿易及其他應收款項」及「現金及現金等價物」(附註2.11及2.12)。

(c) 可供出售金融資產

可供出售金融資產為非衍生金融資產，乃指定須列入此類別或不屬於任何其他類別金融資產之金融資產。此等項目包括於非流動資產內，除非管理層計劃於結算日起計12個月內出售有關投資，則分類為流動資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets (Cont'd)

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the consolidated income statement. However, the available-for-sale financial assets that do not have a quoted market price, the range of reasonable fair value estimates is significant and the possibilities of the various estimates cannot be reasonably assessed, is stated at cost. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the consolidated income statement within "other gains/(losses) – net", in the period in which they arise. Changes in fair value of available-for-sale financial assets are recognised in equity until the financial asset is disposed of or determined to be impaired. Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets is recognised in the consolidated income statement as part of "other gains/(losses) – net" when the Group's right to receive payments is established. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of "other gains/(losses) – net".

2. 重大會計政策概要 (續)

2.8 金融資產 (續)

2.8.2 確認及計量

按照一般市場規定或慣例購入及出售的金融資產在交易日予以確認 – 交易日指本集團承諾購入或出售該資產之日。對於並非按公允值於損益列賬的所有金融資產，其投資始初按公允值加交易成本確認。按公允值於損益列賬之金融資產，始初按公允值確認，而相關交易成本則在綜合收益表支銷。然而，對於可供出售金融資產，如果沒有可以引用的市場價格，合理估計的公允值區間較大和無法合理估計多種假設的可能性時，則以成本列賬。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將持有權的所有風險和回報實際轉讓時，金融資產即終止確認。按公允值於損益列賬之金融資產及可供出售金融資產其後按公允值列賬。貸款及應收款項按實際利息法按攤銷成本列賬。

來自按公允值於損益列賬之金融資產類別的公允值變動所產生的盈虧，列入產生期間綜合收益表內的「其他收益／(虧損) – 淨額」中。可供出售金融資產之公允值變動於權益中確認，直至金融資產售出或釐定出現減值。來自按公允值於損益列賬之金融資產及可供出售金融資產的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為「其他收益／(虧損) – 淨額」之一部份。可供出售證券採用實際利息法計算的利息在綜合收益表內確認為「其他收益／(虧損) – 淨額」之一部份。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets (Cont'd)

2.8.2 Recognition and measurement (Cont'd)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment loss is recognised in the consolidated income statement. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement and in equity, is recognised in the income statement. Impairment losses recognised on available-for-sale equity instruments are not subsequently reversed. For loans and receivables, impairment loss is reversed to the extent that the amortised cost would have been had the impairment not been recognised. Impairment testing of trade receivables is described in Note 2.11.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement.

2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group's derivative instruments do not qualify for hedging accounting and are accounted for as financial assets at fair value through profit or loss. Changes in the fair value of these derivative instruments are presented in the consolidated income statement within "other gains/(losses) – net", in the period in which they arise.

2. 重大會計政策概要 (續)

2.8 金融資產 (續)

2.8.2 確認及計量 (續)

集團將於每個結算日評估金融資產或一組金融資產是否出現減值的客觀證據。所有減值虧損於綜合收益表確認。對於分類為可供出售金融資產，公允值若大幅度或長期跌至低於其成本值，會被視為金融資產已經顯示減值的跡象。若金融資產存在此等證據，累計虧損 – 按收購成本與當時公允值的差額，減該金融資產之前在收益表及於權益確認的任何減值虧損計算並在收益表確認。可供出售之股權投資之減值虧損將不會於往後期間撥回。貸款及應收款項之減值虧損回撥應不能導致該資產超過在不確認任何減值情況下之已攤銷成本。貿易應收款項之減值測試載於附註2.11。

當分類為可供出售的證券被售出時，於權益中確認的累計公允值調整列入收益表內。

2.9 衍生金融工具及對沖活動

衍生工具初始按於衍生工具合約訂立日之公允值確認，其後按公允值重新計量。確認所產生之收益或虧損的方法取決於該衍生工具是否指定作對沖工具，如指定為對沖工具，則取決於其所對沖項目之性質。本集團的衍生工具不符合採用對沖會計法，而作為按公允值於損益列賬之金融資產核算。此等衍生工具的公允值變動於其產生期間之綜合收益表內的「其他收益／(虧損) – 淨額」內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, manufacturing cost of subcontractors, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulty of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within "administrative expenses". When the receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and financial institutions and other short-term highly liquid investments with original maturities of three months or less.

2. 重大會計政策概要 (續)

2.10 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本採用先進先出法釐定。製成品及在製品的成本包括設計成本、原材料、直接勞工、分包商製造成本、其他直接成本和相關的生產經常開支（依據正常營運能力）。存貨成本不包括借貸成本。可變現淨值為在通常業務過程中的估計銷售價，減適用的可變動銷售費用。

2.11 貿易及其他應收款項

貿易及其他應收款項始初以公允值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。當有客觀證據證明本集團將無法按應收款項的原有條款收回所有款項時，即就貿易及其他應收款項設定減值撥備。債務人出現重大財務困難、債務人可能破產或進行財務重組，以及拖欠或逾期付款，均被視為是貿易應收款項顯示減值的跡象。撥備金額為資產之賬面值與按原實際利率折現之估計未來現金流量之現值之差額。資產的賬面值透過使用撥備賬戶削減，而有關的虧損數額則在綜合收益表內的「行政開支」中確認。如一項貿易應收款項無法收回時，會於撥備賬戶中予以撇銷。之前已撇銷的款項如其後收回，回撥金額將於綜合收益表內的「行政開支」中確認。

2.12 現金及現金等價物

現金及現金等價物包括手頭現金、銀行及財務機構通知存款及原到期日為三個月或以下的其他短期高流動性投資。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Government grants

Government grants are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grant relating to an asset is included in non-current liabilities, which is credited to the consolidated income statement on a straight-line basis over the expected useful life of the related asset. Grant relating to an expense item is deferred and recognised as income in the consolidated income statement over the period necessary to match with the cost that it is intended to compensate.

2.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. 重大會計政策概要 (續)

2.13 股本

普通股歸類為權益。與發行新股或購股權直接有關之增量成本，以除稅淨額作為發行收入的減項於權益中列示。

2.14 政府補助

當能夠合理地保證政府補助將可收取，而集團將會符合所有附帶條件時，將政府提供的補助按其公允值確認入賬。與資產有關之政府補助列入非流動負債，並按有關資產之估計可使用年期以直線法在綜合收益表中確認。與開支項目有關之政府補助遞延入賬，並按該開支及補助之間之合理關係在補助之成本發生的期間在綜合收益表中確認為收益。

2.15 貿易應付款項

貿易應付款項以公允值進行初始確認，其後以實際利息法按攤銷成本計量。

2.16 借貸

借貸初始按公允值並扣除產生的交易成本確認。借貸其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值的任何差額以實際利息法於借貸期間內在收益表確認。

除非本集團有無條件權利將負債的結算遞延至結算日後最少12個月，否則借貸分類為流動負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Current and deferred taxation

The tax expense comprises current and deferred taxation. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation is not recognised for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. 重大會計政策概要 (續)

2.17 當期及遞延稅項

稅項開支包括當期和遞延稅項。稅項在綜合收益表中確認，但與直接在權益中確認的項目有關者則除外。在該情況下，稅項亦在權益中確認。

當期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅的狀況，並在適當情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延稅項以負債法就資產和負債的稅基與資產和負債在綜合財務報表的賬面值之暫時差異確認。然而，若遞延稅項來自在交易（不包括企業合併）中對資產或負債的始初確認，而在交易時不影響會計盈虧或應課稅盈虧，則不予確認。遞延稅項採用在結算日已頒佈或實質頒佈，並預期在變現有關之遞延稅項資產或償還遞延稅項負債時適用之稅率（及法例）而釐定。

倘日後應課稅溢利很有可能抵銷可動用之暫時差異，暫時差異方會確認為遞延稅項資產。

遞延稅項就附屬公司及聯營公司投資產生之暫時差異作出撥備，但假若本集團可以控制暫時差異之撥回時間；而暫時差異在可預見將來很有可能不會撥回者除外。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group recognises a provision for repair or replacement of products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

2.19 Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if:
- (i) That person has control or joint control over the Group;
 - (ii) That person has significant influence over the Group; or
 - (iii) That person is a member of the key management personnel of the Group or of a parent of the Group.

2. 重大會計政策概要 (續)

2.18 撥備

本集團因已發生的事件而須要承擔現有的法律或推定責任；很有可能需要付出資源以償付有關責任及金額已經可靠估計情況下確認撥備。不就未來營運虧損確認撥備。

如有多項類似責任，是否需要為償付而付出資源，則需根據該責任類別整體考慮。即使在同一責任類別所包含的其中某一個項目付出資源的可能性極低，仍須確認撥備。

撥備採用稅前利率按照預期需償付有關責任的開支的現值計量，該利率反映當時市場對金錢時間值和有關責任特定風險的評估。因時間流逝而增加的撥備確認為利息開支。

本集團為結算日仍在保用期內產品之維修或更換確立撥備。此項撥備乃按照過往維修及更換產品之程度而計算。

2.19 關連人士

關連人士為與本集團相關連之個人或實體。

- (a) 某個人及與其關係密切之家庭成員被視為與本集團有關連，如：
- (i) 該人士能控制或共同控制本集團；
 - (ii) 該人士能對本集團施加重大影響；或
 - (iii) 該人士為本集團或本集團之母公司之主要管理人員。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Related parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
 - (ii) The entity is an associate or jointly-controlled entity of the Group.
 - (iii) The entity and the Group are jointly-controlled entities of the same third party.
 - (iv) The entity is an associate or jointly-controlled entity of third entity and the Group is an associate or jointly-controlled entity of the third entity.
 - (v) The entity is controlled or jointly-controlled by a person identified in (a).
 - (vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.20 Employee benefits

(a) Pension obligations

The Group operates a mandatory provident fund scheme ("MPF Scheme") for the eligible employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee – administered funds. The Group's contributions to MPF Scheme are set at 5% of employees' salaries and are expensed as incurred.

The Group's subsidiaries operating in the People's Republic of China (the "PRC") have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the income statement as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

2. 重大會計政策概要 (續)

2.19 關連人士 (續)

- (b) 某實體被視為與本集團有關連，如：
- (i) 該實體與本集團均為同一集團內之成員。
 - (ii) 該實體為本集團之聯營公司或共同控制實體。
 - (iii) 該實體與本集團為同一第三方之共同控制實體。
 - (iv) 該實體為第三方之聯營公司或共同控制實體，本集團為該同一第三方之聯營公司或共同控制實體。
 - (v) 該實體由(a)中定義之個人控制或共同控制。
 - (vi) (a)(i)中定義之個人對該實體能施加重大影響或該個人為該實體（或該實體之母公司）之主要管理人員。

2.20 僱員福利

(a) 退休金責任

本集團為香港之合資格僱員設立一項強制性公積金計劃（「強積金計劃」）。強積金計劃乃一項定額供款計劃，其資產由獨立信託管理基金持有。本集團於強積金計劃之供款規定為僱員薪金之5%，並於產生時列作開支。

本集團在中華人民共和國（「中國」）營運之附屬公司須根據相關法例及法規，向由中國有關地方政府機關管理之職工退休金計劃供款。對該等退休金計劃之供款於產生時計入收益表。本集團並無法定或推定責任作進一步供款。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.20 Employee benefits (Cont'd)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(d) Share-based compensation

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted at the grant date, excluding the impact of any non-market service and performance vesting conditions, with a corresponding increase in equity (share option reserve). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

2. 重大會計政策概要 (續)

2.20 僱員福利 (續)

(b) 僱員休假權益

僱員在年假之權益在僱員應享有時確認，本集團為截至結算日止僱員已提供之服務而產生之年假之估計負債作出撥備。

僱員之病假及產假權益不予確認，直至僱員正式休假為止。

(c) 獎勵計劃

當本集團因為僱員已提供之服務而產生現有法律或推定支付獎勵之責任，而責任金額能可靠估算時，則將獎勵之預計成本確認為負債。

利潤分享及獎勵計劃之負債預期須在十二個月內償付，並根據在償付時預期會支付之金額計算。

(d) 以股份形式之報酬

本公司採納一項購股權計劃，以向為本集團之成功經營作出貢獻之合資格參與者提供激勵及獎勵。按所獲僱員服務以換取授出購股權之公允值乃確認為開支。列作開支之總金額乃參照已授出之購股權於授出日之公允值釐定，不包括任何非市場服務及表現歸屬條件之影響，並於權益中作出相應遞增（購股權儲備）。非市場歸屬條件包括在計算有關預期可予歸屬購股權數目之假設內。列作開支總金額將於歸屬期間（指定歸屬條件必須達成期間）內確認為支出。於結算日，本公司均會修訂其預期可予歸屬之購股權數目之估計，並於綜合收益表內確認修訂原來估計數字之影響（如有）及對權益作相應調整。

行使購股權時，早前已確認之購股權儲備數額將轉換為股本及股份溢價。倘購股權於歸屬日期後被註銷或於屆滿日期時仍未獲行使，早前已確認之購股權儲備數額將轉入保留溢利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not provided for as a provision but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of value-added tax, returns, rebates and discounts. Revenue is recognised when the goods are delivered to customers, the customers have accepted the goods or the product quality inspection time period has lapsed and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

2.23 Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2. 重大會計政策概要 (續)

2.21 或然負債

或然負債乃因過往事件而可能產生的責任，並僅視乎日後會否出現一項或多項非本集團可完全控制的不可確定事件而確認其存在。或然負債亦可為因過往事件而產生的現有責任，但由於未能肯定是否需要付出經濟資源或未能可靠地估計有關責任的金額而不予確認。

或然負債並不確認為撥備，但於賬目附註中披露。當資源流出的可能性有變而導致可能付出資源，或然負債將確認為撥備。

2.22 收入確認

收入包括銷售產品已收或應收代價之公允值，扣除增值稅、退貨、回扣及折扣。收入於產品已交付予顧客，而顧客已接受產品或產品質量檢查期屆滿時及合理地確定能收取有關應收款項時確認。

利息收入按時間比例，計及尚未償還本金及適用利率而確認。

股息收入於其獲派付之權利確立時確認入賬。

2.23 經營租賃

凡擁有權的絕大部份風險及回報乃歸出租人所有的租賃，均歸類為經營租賃。根據經營租賃需支付之款項（扣除出租人給予之任何獎勵），乃於租期內以直線法在綜合收益表內確認為費用。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Research and development

Research and development costs are expensed as incurred.

2.25 Dividend distribution

Final dividends proposed by the board of directors are classified as a separate allocation of retained earnings within the equity section of the balance sheet, until they have been approved by the shareholders in an annual general meeting. When these dividends have been declared by the board of directors and approved by the shareholders, they are recognised as a liability.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Foreign exchange risk

The foreign exchange risks of the Group occurred due to the fact that the Group had some business activities denominated in foreign currencies, primarily with respect to the United States dollar ("US dollar"), Renminbi ("RMB"), Euro, Russian Ruble ("RUR") and New Turkish Lira ("TRY"). After disposal of Sang Fei (BVI) and its subsidiaries, the Group's business activities are primarily exposed to foreign exchange risk in respect of RMB against US dollar and RMB against Hong Kong dollar ("HK dollar"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. In additions, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts, when appropriate, to hedge anticipated cash flows in major foreign currencies.

2. 重大會計政策概要 (續)

2.24 研究及開發

研究及開發成本於產生時確認為費用。

2.25 股息分派

董事會建議派付之末期股息於資產負債表權益部份內歸類為保留溢利的單獨分配，直至末期股息獲股東於股東週年大會批准為止。當此等股息已由董事會宣派及股東批准，則確認為負債。

3. 財務風險管理

3.1 財務風險因素

本集團之經營活動承受各種不同財務風險：外匯風險、信貸風險、流動資金風險及現金流量及公允值利率風險。管理層對該等風險進行管理及監察，並確保及時採取有效措施。

(a) 外匯風險

本集團承受外匯風險之原因是本集團之若干業務活動以外幣結算，主要與美元、人民幣、歐元、俄羅斯盧布及新土耳其里拉有關。在出售桑菲(BVI)及其附屬公司後，本集團之業務主要面臨就人民幣兌美元及人民幣兌港元匯率變動產生之外匯風險。外匯風險因以相關實體功能貨幣以外之其他貨幣計值之未來商業交易及已確認之資產及負債而產生。另外，人民幣兌換外幣須遵守中國政府頒佈之外匯管制法規。

為了管理來自未來商業交易及已確認之資產及負債之外匯風險，本集團於適時利用遠期合約對沖主要外幣的預期現金流量。

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綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Foreign exchange risk (Cont'd)

If RMB had strengthened/weakened by 5% against US dollar with all other variables held constant, post-tax profit for the year ended 31 December 2009 would have been HK\$448,000 lower/higher (2008: HK\$456,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, cash and cash equivalents and financial liabilities.

If RMB had strengthened/weakened by 5% against HK dollar with all other variables held constant, post-tax profit for the year ended 31 December 2009 would have been HK\$4,038,000 higher/lower (2008: HK\$3,933,000 higher/lower), mainly as a result of foreign exchange gains or losses on translation of HK dollar denominated trade receivables, cash and cash equivalents and financial liabilities.

As less than 10% of the Group's foreign currency transactions are denominated in other foreign currencies, the directors of the Group are of the view that foreign exchange risk in relation to transactions denominated in other foreign currencies is low. Therefore, no sensitivity analysis for these currencies is presented.

(b) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. The average rate on deposits held in banks at 31 December 2009 was approximately 0.92% per annum (2008: 1.04%). Any change in the interest rate from time to time is not considered to have significant impact to the Group's performance.

The Group's interest rate risk which affects its results and operating cash flows mainly arises from bank borrowings. The bank borrowings were at fixed rates and expose the Group to fair value interest rate risk. As all the Group's bank borrowings were short term loans and any change in the interest rate from time to time is not considered to have significant impact to the Group's performance.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 外匯風險 (續)

倘人民幣兌美元升值／貶值5%，而所有其他變數均不變，則截至2009年12月31日止年度之除稅後溢利會減少／增加448,000港元（2008年：減少／增加456,000港元），主要由於換算以美元持有之貿易應收款項、現金及現金等價物及金融負債時產生之外匯收益或虧損所致。

倘人民幣兌港元升值／貶值5%，而所有其他變數均不變，則截至2009年12月31日止年度之除稅後溢利會增加／減少4,038,000港元（2008年：增加／減少3,933,000港元），主要由於換算以港元持有之貿易應收款項、現金及現金等價物及金融負債時產生之外匯收益或虧損所致。

由於本集團少於10%之外幣交易以其他貨幣計值，故本集團董事認為有關以其他貨幣計值之交易之外匯風險甚微。因此，並無就此等貨幣呈列敏感度分析。

(b) 現金流量及公允值利率風險

除存放於銀行之存款外，本集團並無重大之附息資產。於2009年12月31日，存放於銀行之存款之平均年利率為0.92%（2008年：1.04%）。不時頒佈利率之任何變動對本集團之業績並無重大影響。

影響本集團業績及經營現金流量之利率風險主要來自銀行借貸。銀行借貸均為定息，並使本集團承擔公允值利率風險。由於本集團銀行借貸均為短期貸款，因此不時頒佈利率之任何變動對本集團之業績並無重大影響。

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For the year ended 31 December 2009 截至2009年12月31日止年度

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, bank deposits and trade and other receivables. The maximum exposure to credit risk at the balance sheet dates is their carrying value. The Group has policies and procedures in place to ensure they are made to counterparties with acceptable credit quality.

At the balance sheet dates, all the Group's bank deposits are placed in high quality financial institutions without significant exposure to credit risk.

For trade and other receivables, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Individual credit limits are set based on the assessment of the credit quality. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is not significant. Further disclosure on credit risk are set out in Note 22.

(d) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient working capital, the availability of funding through an adequate amount of committed credit facilities from banks and the ability to close out market positions is adopted. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by ensuring sufficient committed credit lines are available.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 信貸風險

本集團並無高度集中之信貸風險。信貸風險因現金及現金等價物、銀行存款及貿易及其他應收款項而產生。於結算日面對之最高信貸風險為其賬面值。本集團已定下程序及政策，確保交易方之信譽為可以接受水平。

於結算日，本集團所有銀行存款均存於並無重大信貸風險之優質財務機構。

就貿易及其他應收款項而言，交易對手之信貸質素透過考慮其財務狀況、信貸記錄及其他因素而作出評估。個別信貸限額按照信貸質素評估而訂定。鑒於穩定之還款記錄，董事認為該等交易對手拖欠款項之風險並不大。有關信貸風險之進一步詳情載於附註22內。

(d) 流動資金風險

本集團採納審慎之流動資金風險管理，包括透過維持充裕營運資金、從銀行獲得之已承諾信貸額度以提供充裕可供動用資金及處理市場平倉之能力。由於相關業務變化不定性質，本集團通過確保足夠可供動用之已承諾信貸額度，藉以維持資金供應之靈活性。

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For the year ended 31 December 2009 截至2009年12月31日止年度

3. FINANCIAL RISK MANAGEMENT

(Cont'd)

3.1 Financial risk factors (Cont'd)

(d) Liquidity risk (Cont'd)

The table below analyses the Group's financial liabilities by maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows and are as follows:

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Within 1 year	一年內		
Group	本集團		
Short term bank loans	短期銀行貸款	24,932	511,416
Trade and other payables	貿易及其他應付款項	237,781	714,148
		262,713	1,225,564
Company	本公司		
Trade and other payables	貿易及其他應付款項	1,285	7

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts which include bank borrowings, cash and cash equivalents, and equity attributable to shareholders of the Company, comprising issued capital, reserves and retained profits.

The Group monitors capital risk using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheets, plus net debt.

The Group strategy is to maintain an operation with minimal capital risk. As at 31 December 2009, the Group's cash and cash equivalents exceeded its borrowings by HK\$374,705,000 (2008: HK\$63,994,000). The directors are of the opinion that the Group's capital risk is low.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(d) 流動資金風險 (續)

下表顯示本集團將結算之金融負債，此乃按照相關到期組別，根據由結算日至合約到期日之剩餘期間進行分析。於表中披露之金額為根據合約之未貼現現金流量計算，如下：

3.2 資本風險管理

本集團實行資本管理的目的，是要確保本集團之實體將可持續經營，並透過優化債務及權益結餘為利益群體帶來最大回報。本集團本年度之整體策略與前一年度維持不變。

本集團之資本結構包括債務（包括銀行借貸、現金及現金等價物及本公司股東應佔權益（包括已發行股本、儲備及保留溢利））。

本集團採用資本負債比率監管資本風險。此比率乃以債務淨額除以資本總額計算。債務淨額按貸款總額減現金及現金等價物計算。資本總額按綜合資產負債表所列示之權益加債務淨額計算。

本集團之策略是保持以最低之資本風險營運。於2009年12月31日，本集團之現金及現金等價物超過借貸374,705,000港元（2008年：63,994,000港元）。董事認為本集團面對之資本風險甚微。

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For the year ended 31 December 2009 截至2009年12月31日止年度

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 Fair value estimation

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets are determined by using generally accepted valuation techniques. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Estimated impairment of non-financial assets

The Group tests annually whether non-financial assets, mainly including property, plant and equipment and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2.7. Management judgment is required, particularly in assessing whether: (1) an event has occurred that may affect asset values; (2) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (3) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment (if any), including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operations of the Group.

(b) Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Estimation and judgement is required in determining the amount of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

3. 財務風險管理 (續)

3.3 公允價值估計

按公允價值於損益列賬之金融資產及可供出售金融資產之公允價值乃以公認估值方法釐定。貿易應收款項及應付款項之賬面值減除減值撥備假定與其公允價值相若。作為披露目的而言，金融負債之公允價值之估計乃按未來合約現金流量以本集團可得的類似金融工具之現有市場利率貼現計算。

4. 主要會計估計及判斷

(a) 估計非金融資產減值

本集團根據附註2.7所載之會計政策就非金融資產（主要包括物業、廠房及設備及無形資產）是否有出現減值進行年度測試。管理層需要作出判斷，特別是評估：(1)有否發生可能影響資產價值的事件；(2)資產之賬面值是否有未來現金流量的貼現淨值（以現金流量預測釐定）支持；及(3)現金流量是否按適當貼現率貼現。管理層用以釐定減值程度的假設（包括作出現金流量預測時假設的貼現率和增長率）如有改變，可能大幅影響本集團呈報的財務狀況和經營業績。在進行減值評估時，本集團亦考慮目前經濟環境對本集團經營之影響。

(b) 所得稅及遞延稅項

本集團須於不同司法權區繳納所得稅。於釐定所得稅項撥備之金額時，需作出估計及判斷。於日常業務過程中存在交易及計算均難以確定其最終之稅務釐定。倘該等事項之最終稅務結果有別於初始確認之金額，該等差異將對釐定期間之所得稅及遞延稅項撥備產生影響。

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5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

5. 收入及分部資料

(a) 收入

Year ended 31 December

截至12月31日止年度

2009 2008

2009年 2008年

HK\$'000 HK\$'000

千港元 千港元

(Restated)

(重列)

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Continuing operations	持續經營之業務		
Integrated circuits products	集成電路產品	460,533	621,805
Discontinued operation	已終止經營之業務		
"Philips" mobile handsets	Philips品牌移動電話	1,113,972	1,305,842
Own-branded and other OEM/ODM/EMS mobile handsets	自有品牌及其他 OEM/ODM/EMS移動電話	398,397	472,424
Multi-media players	多媒體播放機	446,903	489,077
		1,959,272	2,267,343

(b) Operating segments

Management has determined the operating segments based on the reports reviewed by the directors (the chief operating decision maker) that are used to assess performance and allocate resources.

The directors consider that the Group's continuing operations are operated and managed as a single segment, accordingly no segment information is presented for the continuing operations.

The Group's discontinued operation has three reportable operating segments: "Philips" mobile handsets, own-branded and other OEM/ODM/EMS mobile handsets and multi-media players. Management assesses the performance of the operating segments based on segment results, which is measured by revenues and related material costs and contributable expenses. Segment information is reported in a manner consistent with that provided to the chief operating decision maker for decision making.

(b) 營運分部

管理層已根據董事（主要經營決策者）已審閱作評估業績表現及分配資源用的報告，確定營運分部。

董事認為本集團之持續經營之業務以單一分部經營及管理，故無披露持續經營之業務之分部資料。

本集團之已終止經營之業務有三個呈報營運分部：Philips品牌移動電話、自有品牌及其他OEM/ODM/EMS移動電話及多媒體播放機。管理層根據分部業績評估營運分部表現，乃由收入及相關材料成本及有關開支計量。分部資料之呈報方式與提供予主要經營決策者用作決策之分部資料一致。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Operating segments (Cont'd)

Segment results and reconciliation to loss before income tax for the discontinued operation are as follows:

		"Philips" mobile handsets		Own-branded and other OEM/ODM/EMS mobile handsets		Multi-media players		Total	
		Philips品牌移動電話		自有品牌及其他 OEM/ODM/EMS 移動電話		多媒體播放機		合計	
Year ended 31 December									
截至12月31日止年度									
		2009	2008	2009	2008	2009	2008	2009	2008
		2009年	2008年	2009年	2008年	2009年	2008年	2009年	2008年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收入	1,113,972	1,305,842	398,397	472,424	446,903	489,077	1,959,272	2,267,343
Segment (losses)/profit	分部(虧損)/溢利	(2,266)	(17,614)	10,931	(9,968)	6,308	7,315	14,973	(20,267)
Other gains/(losses) – net	其他收益/(虧損) – 淨額							5,936	(108,385)
Unallocated costs	未分配成本							(99,678)	(165,900)
Finance costs – net	融資成本 – 淨額							(29,253)	(29,516)
Loss before income tax	除所得稅前虧損							(108,022)	(324,068)

The revenues by location are as follows:

按地區分類之收入如下：

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Continuing operations	持續經營之業務		
Mainland China	中國大陸	460,533	621,805
Discontinued operation	已終止經營之業務		
Mainland China	中國大陸	811,294	836,320
Hong Kong	香港	672,882	769,891
Europe	歐洲	395,432	489,377
Asia excluding Mainland China and Hong Kong	亞洲(不包括中國大陸及香港)	43,956	97,939
North America	北美洲	35,708	73,816
		1,959,272	2,267,343

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For the year ended 31 December 2009 截至2009年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Operating segments (Cont'd)

Total non-current assets by location are as follows:

5. 收入及分部資料 (續)

(b) 營運分部 (續)

按地區分類之非流動資產總額如下：

		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
Mainland China	中國大陸	29,112	88,854
Hong Kong	香港	218	170
Europe	歐洲	-	313
		29,330	89,337
Deferred taxation assets	遞延稅項資產	12,921	59,588
Total non-current assets per consolidated balance sheets	於綜合資產負債表之非流動資產總額	42,251	148,925

6. OTHER GAINS/(LOSSES) – NET

6. 其他收益／(虧損) – 淨額

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Government grants	政府補助	38,563	17,107
Share of profit/(loss) of the associate	分佔聯營公司溢利／(虧損)	246	(38)
Others	其他	(512)	3,071
		38,297	20,140
Discontinued operation	已終止經營之業務		
Foreign exchange loss – net	匯兌虧損 – 淨額	(513)	(111,680)
Sales of samples and materials	銷售樣本及物料	3,509	1,487
Fair value gain from foreign exchange forward contracts	遠期外匯合約之公允值收益	2,833	1,271
Others	其他	107	537
		5,936	(108,385)

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For the year ended 31 December 2009 截至2009年12月31日止年度

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

7. 按性質劃分之費用

列作銷售成本、銷售及市場推廣成本及行政開支之費用分析如下：

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Depreciation and amortisation expenses (Notes 16 and 17)	折舊及攤銷費用 (附註16及17)	5,034	8,117
Employee benefit expenses (Note 8)	僱員福利開支(附註8)	78,871	74,449
Changes in inventories of finished goods and work in progress	製成品及在製品 存貨變動	31,636	29,850
Raw materials and consumables used	所用原材料及消耗品	252,119	355,971
Impairment provision for receivables (Note 22)	應收款項之減值撥備 (附註22)	1,618	278
Write-down of inventories to net realisable value (Note 21)	撇減存貨至可變現淨值 (附註21)	1,808	1,532
Operating lease expenses on property	物業之經營租賃支出	3,274	4,091
Research and development costs	研究及開發費用	25,386	20,937
Auditor's remuneration	核數師酬金	2,157	2,160
Discontinued operation	已終止經營之業務		
Depreciation and amortisation expenses (Notes 16 and 17)	折舊及攤銷費用 (附註16及17)	30,051	35,497
Employee benefit expenses (Note 8)	僱員福利開支(附註8)	144,604	191,541
Changes in inventories of finished goods and work in progress	製成品及在製品 存貨變動	(112,943)	55,618
Raw materials and consumables used	所用原材料及消耗品	1,370,349	1,669,757
Impairment provision for receivables (Note 22)	應收款項之減值撥備 (附註22)	18,313	—
Write-down of inventories to net realisable value (Note 21)	撇減存貨至可變現淨值 (附註21)	4,480	16,375
Provision for warranty (Note 29)	保用撥備(附註29)	31,290	34,065
Operating lease expenses on property and machinery	物業及機器之經營 租賃支出	30,514	28,812
Research and development costs	研究及開發費用	45,928	82,414
Auditor's remuneration	核數師酬金	340	340

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For the year ended 31 December 2009 截至2009年12月31日止年度

8. EMPLOYEE BENEFIT EXPENSES

8. 僱員福利開支

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Continuing operations	持續經營之業務		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	71,916	68,176
Contributions to retirement schemes (Notes (a) and (b))	退休計劃供款 (附註(a)及(b))	6,955	6,273
		78,871	74,449
Discontinued operation	已終止經營之業務		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	137,497	178,784
Contributions to retirement schemes (Note (b))	退休計劃供款 (附註(b))	7,107	12,757
		144,604	191,541

(a) The Group operates a MPF Scheme for the eligible employees in Hong Kong. The Group's contributions to MPF Scheme are set at 5% of employees' salaries and are expensed as incurred.

(b) The Company's PRC subsidiaries participate in defined contribution retirement scheme based on laws and regulations in the PRC. The local government authority of the PRC is responsible for the pension liabilities to these retired employees in the PRC. These PRC subsidiaries made contributions to the retirement scheme in the PRC and are expensed as incurred.

(a) 本集團為其香港合資格僱員設立強積金計劃。本集團對強積金計劃之供款為僱員薪金之5%，並於產生時列作費用開支。

(b) 本公司在中國之附屬公司根據中國法例及規例參與定額供款退休計劃。中國當地政府機構負責該等中國退休僱員之退休金責任。該等中國附屬公司對退休計劃作出供款並於產生時列作費用開支。

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For the year ended 31 December 2009 截至2009年12月31日止年度

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2009 is set out below:

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind	Pension scheme contributions	Total 合計 HK\$'000 千港元
		薪金、津貼及 實物福利 HK\$'000 千港元	退休金計劃 供款 HK\$'000 千港元	
Xiong Qunli 熊群力	660	–	–	660
Tong Baoan 佟保安	550	–	–	550
Fan Qingwu 范卿午	–	520	60	580
Hua Longxing 華龍興	–	311	–	311
Chan Kay Cheung 陳棋昌	200	–	–	200
Wong Po Yan 黃保欣	200	–	–	200
Yin Yongli 尹永利	200	–	–	200
	1,810	831	60	2,701

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the year.

9. 董事及高級管理層酬金

(a) 董事酬金

各董事於截至2009年12月31日止年度之酬金載列如下：

年內，本集團並無向本公司董事支付任何酬金作為加盟本集團或加盟時之獎勵或作為離任之補償。年內亦無本公司董事放棄任何酬金。

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For the year ended 31 December 2009 截至2009年12月31日止年度

9. DIRECTORS' AND SENIOR
MANAGEMENT'S EMOLUMENTS

(Cont'd)

(a) Directors' emoluments (Cont'd)

The remuneration of each director for the year ended 31 December 2008 is set out below:

Name of Director 董事姓名		Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及 實物福利 HK\$'000 千港元	Pension scheme contributions 退休金計劃 供款 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Xiong Qunli	熊群力	624	–	–	624
Chen Zhaoxiong*	陳肇雄*	–	–	–	–
Tong Baoan	佟保安	550	–	–	550
Fan Qingwu	范卿午	–	521	60	581
Hua Longxing	華龍興	–	483	–	483
Chan Kay Cheung	陳棋昌	200	–	–	200
Wong Po Yan	黃保欣	200	–	–	200
Yin Yongli	尹永利	200	–	–	200
		1,774	1,004	60	2,838

* Resigned on 14 January 2008.

9. 董事及高級管理層酬金 (續)

(a) 董事酬金 (續)

各董事於截至2008年12月31日止年度之酬金載列如下：

* 於2008年1月14日辭任。

(b) Five highest paid individuals

The emoluments payable to the five individuals whose paid were the highest in the Group during the year are as follows:

(b) 五名最高薪酬人士

年內應付予本集團薪酬最高之五名人士之酬金如下：

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,166	9,886
Bonuses	花紅	3,031	1,534
Contributions to retirement schemes	退休計劃供款	39	204
		7,236	11,624

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For the year ended 31 December 2009 截至2009年12月31日止年度

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Cont'd)

(b) Five highest paid individuals (Cont'd)

The emoluments of the five (2008: five) highest paid individuals, none of which are directors of the Company, were fell within the following band:

9. 董事及高級管理層酬金 (續)

(b) 五名最高薪酬人士 (續)

五名(2008年: 五名)最高薪酬人士(全為非本公司董事)之酬金介乎以下範圍:

		Number of individuals 人數	
		2009 2009年	2008 2008年
Nil – HK\$1,000,000	零 – 1,000,000港元	1	–
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	2	–
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元	2	1
HK\$2,000,001 – HK\$2,500,000	2,000,001港元 – 2,500,000港元	–	2
HK\$2,500,001 – HK\$3,000,000	2,500,001港元 – 3,000,000港元	–	2
		5	5

10. FINANCE INCOME/(COSTS) – NET

10. 融資收入/(成本) – 淨額

		Year ended 31 December 截至12月31日止年度	
		2009 2009年	2008 2008年
		HK\$'000 千港元	HK\$'000 千港元
			(Restated) (重列)
Continuing operations	持續經營之業務		
Interest income on short term deposits	短期存款利息收入	3,568	6,373
Interest on bank loans	銀行貸款利息	(2,275)	(4,293)
		1,293	2,080
Discontinued operation	已終止經營之業務		
Interest income on short term deposits	短期存款利息收入	766	4,089
Interest on bank loans	銀行貸款利息	(30,019)	(33,605)
		(29,253)	(29,516)

Notes to the Consolidated Financial Statements

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For the year ended 31 December 2009 截至2009年12月31日止年度

11. TAXATION

Income tax expense/(credit)

11. 稅項

所得稅開支／(抵免)

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Continuing operations	持續經營之業務		
Current taxation	本年度稅項		
– PRC enterprise income tax	– 中國企業所得稅	9,723	17,989
Deferred taxation	遞延稅項	(2,552)	(992)
		7,171	16,997
Discontinued operation	已終止經營之業務		
Current taxation	本年度稅項		
– PRC enterprise income tax	– 中國企業所得稅	–	–
Deferred taxation	遞延稅項	(15,043)	–
		(15,043)	–

(a) No provision for profits tax in the Bermuda, Hong Kong, Russia and Turkey has been made as the Group has no assessable profit in these jurisdictions for the year (2008: nil)

(b) In accordance with the enterprise income tax laws in the PRC, Huada Electronics' applicable statutory tax rate is 25% from 1 January 2008. However, as Huada Electronics was certified as a high/new technology enterprise established in Beijing New Technology Industry Development Zone in the PRC in December 2008, the tax authorities approved Huada Electronics a 15% preferential tax rate which took effect from 1 January 2008.

(a) 由於本集團於百慕達、香港、俄羅斯及土耳其並無應課稅溢利，因此並無就該等司法權區之利得稅作出撥備（2008年：無）。

(b) 根據中國企業所得稅法，華大電子自2008年1月1日起之適用法定稅率為25%。然而，於2008年12月華大電子被確定為成立於北京市新技術產業開發實驗區的高新科技企業後，稅務當局批准華大電子享有15%之優惠稅率，並自2008年1月1日起生效。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

11. TAXATION (Cont'd)

Income tax expense/(credit) (Cont'd)

- (c) In accordance with the enterprise income tax laws in the PRC, Sang Fei's applicable statutory tax rate changed to 25% with a transitional period of 5 years from 2008 in which the tax rate will be changed to 18%, 20%, 22%, 24% and 25% for the five years from 2008 to 2012 respectively. Accordingly, the applicable tax rate for the year ended 31 December 2009 was 20%.
- (d) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable taxation rates are as follows:

11. 稅項 (續)

所得稅開支／(抵免) (續)

- (c) 根據中國企業所得稅法，桑菲自2008年起計5年之過渡期間內之適用法定稅率更改為25%，而此稅率於2008年至2012年之5年期間分別更改為18%、20%、22%、24%及25%。因此，截至2009年12月31日止年度之適用稅率為20%。
- (d) 本集團除所得稅前溢利之稅項有別於以適用稅率所計算之理論稅款，詳情如下：

Year ended 31 December

截至12月31日止年度

2009	2008
2009年	2008年
HK\$'000	HK\$'000
千港元	千港元
	(Restated)
	(重列)

		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Profit before income tax	除所得稅前溢利	60,995	121,571
Calculated at respective applicable statutory tax rates	按各自適用法定稅率計算之稅項	16,209	31,032
Effect of tax concession	稅項減免之影響	(4,781)	(9,657)
Realisation of tax losses on disposal of subsidiaries	出售附屬公司稅項虧損之變現	-	(1,198)
Research and development costs additional deductions	研究及開發費用額外扣除	(9,872)	(8,534)
Expenses not deductible for taxation purposes	不可扣稅開支	3,430	1,021
Tax losses for which no deferred taxation asset was recognised (Note (e))	並無確認遞延稅項資產之稅項虧損 (附註(e))	2,185	2,028
Effect on change of tax rates	稅率變動之影響	-	2,305
Income tax expense	所得稅開支	7,171	16,997

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For the year ended 31 December 2009 截至2009年12月31日止年度

11. TAXATION (Cont'd)

(e) Deferred taxation

The movement on the deferred taxation assets during the year is as follows:

11. 稅項 (續)

(e) 遞延稅項

年內遞延稅項資產之變動如下：

		Impairment of inventories 存貨減值 HK\$'000 千港元	Accelerated depreciation of property, plant and equipment 物業、廠房 及設備 加速折舊 HK\$'000 千港元	Provision for warranty and other accruals 保用撥備 及其他預 提費用 HK\$'000 千港元	Government grant 政府補助 HK\$'000 千港元	Tax losses 稅項虧損 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008, as restated	於2008年1月1日 (重列)	12,147	13,031	30,539	6,219	-	(6,380)	55,556
Exchange differences	匯兌差額	553	590	1,838	345	-	(286)	3,040
(Charged)/credited to the income statement	(計入)/抵免 收益表	(12,468)	(13,621)	(29,719)	658	49,238	6,904	992
At 31 December 2008, as restated	於2008年12月31日 (重列)	232	-	2,658	7,222	49,238	238	59,588
At 1 January 2009, as restated	於2009年1月1日 (重列)	232	-	2,658	7,222	49,238	238	59,588
Exchange differences	匯兌差額	-	-	7	11	93	1	112
(Charged)/credited to the income statement	(計入)/抵免 收益表	39	-	2,324	(256)	15,043	445	17,595
Disposal of subsidiaries	出售附屬公司	-	-	-	-	(64,374)	-	(64,374)
At 31 December 2009	於2009年12月31日	271	-	4,989	6,977	-	684	12,921

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For the year ended 31 December 2009 截至2009年12月31日止年度

11. TAXATION (Cont'd)

(e) Deferred taxation (Cont'd)

The amounts shown in the balance sheet include the following:

11. 稅項 (續)

(e) 遞延稅項 (續)

於資產負債表列示之金額包括以下項目：

		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
Deferred taxation assets to be recovered after more than 12 months	將於12個月後收回之遞延稅項資產	504	49,476
Deferred taxation assets to be recovered within 12 months	將於12個月內收回之遞延稅項資產	12,417	10,112
		12,921	59,588

Deferred taxation assets are recognised for tax loss carrying-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred taxation assets of HK\$2,185,000 (2008: HK\$46,801,000) in respect of losses amounting to HK\$7,469,000 (2008: HK\$418,892,000) that can be carried forward against future taxable income.

In accordance with the enterprise income tax laws in the PRC, a 10% withholding tax will be levied on the dividend declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. No deferred taxation liability has been provided for the earnings of approximately HK\$69,000,000 expected to be retained by the subsidiaries in the PRC and not to be remitted out of the PRC in the foreseeable future.

遞延稅項資產乃就結轉之稅項虧損而被確認，惟以有可能透過未來之應課稅溢利變現有關稅項利益為限。本集團並未就可結轉以抵銷未來應課稅溢利之虧損7,469,000港元（2008年：418,892,000港元）確認遞延稅項資產2,185,000港元（2008年：46,801,000港元）。

根據中國企業所得稅法，自2008年1月1日起，對在中國成立的公司向其海外投資者分派的股息徵收10%的預扣稅。本集團並無就預期由中國附屬公司保留且不會於可預見未來分派出中國境外約69,000,000港元的盈利撥備遞延所得稅負債。

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For the year ended 31 December 2009 截至2009年12月31日止年度

12. DISCONTINUED OPERATION

The Company completed the disposal of its manufacturing and sales of mobile handsets and other portable electronics products business at a cash consideration of HK\$10 million on 29 December 2009 to a subsidiary of CEC.

The results and cash flows of the discontinued operation are set out below:

12. 已終止經營之業務

於2009年12月29日，本公司已完成以現金代價10百萬港元出售其製造及銷售移動電話及其他手提電子產品業務予中國電子集團之附屬公司。

已終止經營之業務之業績及現金流量如下：

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元
Loss for the year from discontinued operation	已終止經營之業務之本年度虧損		
Revenue	收入	1,959,272	2,267,343
Costs and expenses	成本和支出	(2,043,977)	(2,453,510)
		(84,705)	(186,167)
Other gains/(losses) – net	其他收益/(虧損)–淨額	5,936	(108,385)
Finance costs – net	融資成本–淨額	(29,253)	(29,516)
Loss before income tax	除所得稅前虧損	(108,022)	(324,068)
Income tax credit	所得稅抵免	15,043	–
Loss for the year	本年度虧損	(92,979)	(324,068)
Gain on disposal of discontinued operation	出售已終止經營之業務之收益	77,160	–
Loss for the year from discontinued operation	已終止經營之業務之本年度虧損	(15,819)	(324,068)
Attributable to:	歸屬於：		
– Shareholders of the Company	– 本公司股東	5,283	(210,644)
– Minority interests	– 少數股東	(21,102)	(113,424)
		(15,819)	(324,068)
Cash flows from discontinued operation	已終止經營之業務之現金流量		
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額	73,117	(64,525)
Net cash used in investing activities	投資活動所用之現金淨額	(40,005)	(34,211)
Net cash generated from financing activities	融資活動產生之現金淨額	70,767	56,702
Net cash flows	淨現金流量	103,879	(42,034)

The carrying amounts of the assets and liabilities of the discontinued operation at the date of disposal are disclosed in Note 18.

已終止經營之業務於出售當日之資產及負債賬面值已於附註18披露。

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For the year ended 31 December 2009 截至2009年12月31日止年度

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of the Company for the year ended 31 December 2009 included a loss of HK\$5,291,000 (2008: HK\$146,327,000) which has been dealt with in the separate financial statements of the Company.

14. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

13. 公司股東應佔虧損

截至2009年12月31日止年度，公司股東應佔綜合溢利包括已計入本公司獨立財務報表之虧損為5,291,000港元（2008年：146,327,000港元）。

14. 每股盈利／（虧損）

每股基本及攤薄盈利／（虧損）乃根據下列數據計算：

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Profit for the year from continuing operations attributable to shareholders of the Company	本公司股東應佔持續經營之業務之年度溢利	35,789	64,317
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	用以計算每股基本及攤薄盈利之普通股加權平均數目	1,544,178,301	1,477,240,000
Basic/diluted earnings per share (HK cents)	每股基本／攤薄盈利（港仙）	2.32	4.35
Discontinued operation	已終止經營之業務		
Profit/(loss) for the year from discontinued operation attributable to shareholders of the Company	本公司股東應佔已終止經營之業務之年度溢利／（虧損）	5,283	(210,644)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	用以計算每股基本及攤薄盈利／（虧損）之普通股加權平均數目	1,544,178,301	1,477,240,000
Basic/diluted earnings/(loss) per share (HK cents)	每股基本／攤薄盈利／（虧損）（港仙）	0.34	(14.26)
Continuing and discontinued operations	持續經營及已終止經營之業務		
Profit/(loss) for the year attributable to shareholders of the Company	本公司股東應佔之年度溢利／（虧損）	41,072	(146,327)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	用以計算每股基本及攤薄盈利／（虧損）之普通股加權平均數目	1,544,178,301	1,477,240,000
Basic/diluted earnings/(loss) per share (HK cents)	每股基本／攤薄盈利／（虧損）（港仙）	2.66	(9.91)

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綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

14. EARNINGS /(LOSS) PER SHARE (Cont'd)

- (a) On 9 September 2009, 608,000,000 shares were allotted and issued to the then shareholders of Huada Electronics as consideration shares upon the completion of the Huada Acquisition. The 393,680,000 shares issued to China Huada are presented as if they had always been issued using the principles of merger accounting as prescribed in HKAG 5 (Note 25(a)).
- (b) For the year ended 31 December 2008 and 31 December 2009, impact of exercise of share options are not included in the calculation of diluted earnings/(loss) per share because their exercise would result in an increase in earnings per share and a decrease in loss per share respectively and are anti-dilutive. Therefore, the basic and diluted earnings/(loss) per share in 2009 and 2008 are the same.

15. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: nil).

14. 每股盈利／(虧損)(續)

- (a) 於2009年9月9日華大收購完成後，本公司已向當時之華大電子股東配發及發行608,000,000股股份作為對價股份。發行給中國華大之393,680,000股股份已按香港會計指引第5號所規定之合併會計原則，在呈列時視為已經一直發行(附註25(a))。
- (b) 截至2008年12月31日及2009年12月31日止年度，由於行使購股權會增加每股盈利及減少每股虧損，因此行使購股權具有反攤薄效應，故在計算每股攤薄盈利／(虧損)時，並無將行使購股權之影響計算在內。因此，於2009及2008年度之每股基本及攤薄盈利／(虧損)均相同。

15. 股息

董事會不建議派付截至2009年12月31日止年度之末期股息(2008年：無)。

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For the year ended 31 December 2009 截至2009年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT

(a) Group

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008, as restated	於2008年1月1日 (重列)					
Cost	成本	27,197	361,813	8,479	38,702	436,191
Accumulated depreciation and impairment	累計折舊及減值	(19,200)	(317,640)	(4,203)	(31,805)	(372,848)
Net book amount	賬面淨值	7,997	44,173	4,276	6,897	63,343
Year ended 31 December 2008, as restated	截至2008年12月31日止年度 (重列)					
Opening net book amount	年初賬面淨值	7,997	44,173	4,276	6,897	63,343
Exchange differences	匯兌差額	422	2,149	198	356	3,125
Additions	添置	9,133	13,580	616	14,088	37,417
Disposals	出售	(151)	(25)	–	(157)	(333)
Depreciation charge	折舊開支	(5,382)	(22,710)	(1,088)	(5,719)	(34,899)
Disposal of subsidiaries	出售附屬公司	–	(331)	(127)	(115)	(573)
Closing net book amount	年末賬面淨值	12,019	36,836	3,875	15,350	68,080
At 31 December 2008, as restated	於2008年12月31日 (重列)					
Cost	成本	37,654	369,344	9,163	51,551	467,712
Accumulated depreciation and impairment	累計折舊及減值	(25,635)	(332,508)	(5,288)	(36,201)	(399,632)
Net book amount	賬面淨值	12,019	36,836	3,875	15,350	68,080
Year ended 31 December 2009	截至2009年12月31日止年度					
Opening net book amount	年初賬面淨值	12,019	36,836	3,875	15,350	68,080
Exchange differences	匯兌差額	15	126	3	(60)	84
Additions	添置	5,760	9,977	400	997	17,134
Disposals	出售	–	(6,001)	(1,086)	(305)	(7,392)
Depreciation charge	折舊開支	(4,566)	(14,475)	(783)	(7,255)	(27,079)
Disposal of subsidiaries	出售附屬公司	(8,699)	(10,292)	(856)	(8,646)	(28,493)
Closing net book amount	年末賬面淨值	4,529	16,171	1,553	81	22,334
At 31 December 2009	於2009年12月31日					
Cost	成本	5,013	29,065	3,492	445	38,015
Accumulated depreciation	累計折舊	(484)	(12,894)	(1,939)	(364)	(15,681)
Net book amount	賬面淨值	4,529	16,171	1,553	81	22,334

Depreciation expense of HK\$11,454,000 (2008: HK\$17,417,000) has been expensed in cost of sales, HK\$902,000 (2008: HK\$822,000) in selling and marketing costs and HK\$14,723,000 (2008: HK\$16,660,000) in administrative expenses.

折舊開支中11,454,000港元(2008年: 17,417,000港元)已計入銷售成本, 902,000港元(2008年: 822,000港元)已計入銷售及市場推廣成本, 及14,723,000港元(2008年: 16,660,000港元)已計入行政開支。

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For the year ended 31 December 2009 截至2009年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT

(Cont'd)

(a) Group (Cont'd)

Lease rental expenses amounting to HK\$33,788,000 (2008: HK\$32,903,000) relating to the lease of property and machinery are included in the income statement.

(b) Company

16. 物業、廠房及設備 (續)

(a) 本集團 (續)

與租賃物業及機器相關的租金33,788,000港元 (2008年: 32,903,000港元) 已計入收益表之租賃支出。

(b) 本公司

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008	於2008年1月1日				
Cost	成本	–	1,307	164	1,471
Accumulated depreciation	累計折舊	–	(648)	(65)	(713)
Net book amount	賬面淨值	–	659	99	758
Year ended 31 December 2008	截至2008年12月31日 止年度				
Opening net book amount	年初賬面淨值	–	659	99	758
Additions	添置	220	3	35	258
Depreciation charge	折舊開支	(109)	(278)	(42)	(429)
Closing net book amount	年末賬面淨值	111	384	92	587
At 31 December 2008	於2008年12月31日				
Cost	成本	220	1,310	199	1,729
Accumulated depreciation	累計折舊	(109)	(926)	(107)	(1,142)
Net book amount	賬面淨值	111	384	92	587
Year ended 31 December 2009	截至2009年12月31日 止年度				
Opening net book amount	年初賬面淨值	111	384	92	587
Additions	添置	–	–	6	6
Depreciation charge	折舊開支	(111)	(238)	(42)	(391)
Closing net book amount	年末賬面淨值	–	146	56	202
At 31 December 2009	於2009年12月31日				
Cost	成本	220	1,310	204	1,734
Accumulated depreciation	累計折舊	(220)	(1,164)	(148)	(1,532)
Net book amount	賬面淨值	–	146	56	202

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

17. INTANGIBLE ASSETS – GROUP

17. 無形資產 – 本集團

		Goodwill 商譽 HK\$'000 千港元	Computer software 電腦軟件 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008, as restated	於2008年1月1日 (重列)			
Cost	成本	453	56,182	56,635
Accumulated amortisation	累計攤銷	–	(35,158)	(35,158)
Net book amount	賬面淨值	453	21,024	21,477
Year ended 31 December 2008, as restated	截至2008年12月31日止年度 (重列)			
Opening net book amount	年初賬面淨值	453	21,024	21,477
Exchange differences	匯兌差額	27	1,070	1,097
Additions	添置	–	6,966	6,966
Amortisation	攤銷	–	(8,715)	(8,715)
Disposal of subsidiaries	出售附屬公司	(480)	(1,850)	(2,330)
Closing net book amount	年末賬面淨值	–	18,495	18,495
At 31 December 2008, as restated	於2008年12月31日 (重列)			
Cost	成本	–	53,535	53,535
Accumulated amortisation	累計攤銷	–	(35,040)	(35,040)
Net book amount	賬面淨值	–	18,495	18,495
Year ended 31 December 2009	截至2009年12月31日止年度			
Opening net book amount	年初賬面淨值	–	18,495	18,495
Exchange differences	匯兌差額	–	24	24
Additions	添置	–	3,524	3,524
Disposals	出售	–	(121)	(121)
Amortisation	攤銷	–	(8,006)	(8,006)
Disposal of subsidiaries	出售附屬公司	–	(9,932)	(9,932)
Closing net book amount	年末賬面淨值	–	3,984	3,984
At 31 December 2009	於2009年12月31日			
Cost	成本	–	17,702	17,702
Accumulated amortisation	累計攤銷	–	(13,718)	(13,718)
Net book amount	賬面淨值	–	3,984	3,984

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For the year ended 31 December 2009 截至2009年12月31日止年度

18. INVESTMENTS IN SUBSIDIARIES
– COMPANY

18. 附屬公司之投資 – 本公司

		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元
Investments – unlisted equity interests, at cost	投資 – 非上市股權， 按成本值	553,280	260,000
Amounts due from subsidiaries	應收附屬公司款項	11,700	11,700
		564,980	271,700
Less: provision for impairment	減：減值撥備	–	(260,000)
		564,980	11,700

(a) The particulars of the principal subsidiaries at 31 December 2009 and 2008 are as follows:

(a) 主要附屬公司於2009年及2008年12月31日之詳情如下：

Name 名稱	Place of establishment/ incorporation and type of legal entity 成立／註冊成立地點 及公司性質	Principal place of operation and activities 主要經營地點及業務	Particulars of registered and paid-in capital/ issued share capital 註冊及實收 資本／已發行 股本之詳情	Interest held 所持權益
At 31 December 2009: 於2009年12月31日：				
Huada Electronics 華大電子	PRC, limited liability company 中國，有限責任公司	PRC, design, research and development and sales of integrated circuits 中國，集成電路之設計、 研發及銷售	Registered and paid- in capital of RMB50,000,000 註冊及實收資本 人民幣50,000,000元	100% (Directly) (直接)
At 31 December 2008: 於2008年12月31日：				
Huada Electronics (Note 2.1) 華大電子 (附註2.1)	PRC, limited liability company 中國，有限責任公司	PRC, design, research and development and sales of integrated circuits 中國，集成電路之設計、 研發及銷售	Registered and paid- in capital of RMB50,000,000 註冊及實收資本 人民幣50,000,000元	64.75% (Directly) (直接)
Sang Fei (BVI) 桑菲(BVI)	British Virgin Islands (“BVI”), limited liability company 英屬處女群島， 有限責任公司	BVI, investment holding 英屬處女群島，投資控股	1 ordinary share of US\$1 1股面值1美元 之普通股	100% (Directly) (直接)

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For the year ended 31 December 2009 截至2009年12月31日止年度

18. INVESTMENTS IN SUBSIDIARIES – COMPANY (Cont'd)

(a) (Cont'd)

Name 名稱	Place of establishment/ incorporation and type of legal entity 成立／註冊成立地點 及公司性質	Principal place of operation and activities 主要經營地點及業務	Particulars of registered and paid-in capital/ issued share capital 註冊及實收 資本／已發行 股本之詳情	Interest held 所持權益
Sang Fei 桑菲	PRC, Sino-foreign equity joint venture company 中國，中外合資公司	PRC, manufacturing and sale of mobile handsets and other portable electronic products 中國，製造及銷售移動電話 及其他手提電子產品	Registered and paid- in capital of US\$33,000,000 註冊及實收資本 33,000,000美元	65% (Indirectly) (間接)
Sangfei CEC Electronics Rus LLC CEC桑菲電子 俄羅斯有限公司	Russia, limited liability company 俄羅斯，有限責任公司	Russia, sale of mobile handsets 俄羅斯，銷售移動電話	Registered and paid- in capital of US\$700,000 註冊及實收資本 700,000美元	65% (Indirectly) (間接)
Sangfei CEC Elektronik Ticaret Anonim Sirketi CEC桑菲電子 土耳其有限公司	Turkey, limited liability company 土耳其，有限責任公司	Turkey, sale of mobile handsets 土耳其，銷售移動電話	Registered and paid- in capital of Euro300,000 註冊及實收資本 300,000歐元	61% (Indirectly) (間接)

(b) The amounts due from subsidiaries are unsecured, interest-free and with no fixed term of repayment.

(c) Provision for impairment has been made for investment in Sang Fei with full amount at 31 December 2008.

18. 附屬公司之投資 – 本公司 (續)

(a) (續)

(b) 應收附屬公司款項均為無抵押、免息，且無固定還款期。

(c) 已於2008年12月31日就於桑菲之投資作出全額減值撥備。

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For the year ended 31 December 2009 截至2009年12月31日止年度

18. INVESTMENTS IN SUBSIDIARIES
– COMPANY (Cont'd)

(d) Changes of investments in subsidiaries in 2009

On 29 December 2009, the Group disposed of Sang Fei (BVI) at a consideration of HK\$10,000,000. Sang Fei (BVI)'s principal asset is the holding of 65% equity interest in Sang Fei. Details of the gain and net cash outflow on disposal of Sang Fei (BVI) and its subsidiaries are as follows:

18. 附屬公司之投資 – 本公司 (續)

(d) 2009年度於附屬公司投資之變動

於2009年12月29日，本集團以代價10百萬港元出售桑菲 (BVI)。桑菲 (BVI) 之主要資產為持有桑菲65%股本權益。出售桑菲(BVI)及其附屬公司之收益及現金流出淨額詳情如下：

		HK\$'000 千港元
Net liabilities disposed of:	所出售之淨負債：	
Property, plant and equipment	物業、廠房及設備	(28,493)
Intangible assets	無形資產	(9,932)
Deferred taxation assets	遞延稅項資產	(64,374)
Inventories	存貨	(349,045)
Trade and other receivables	貿易及其他應收款項	(436,743)
Financial assets at fair value through profit or loss	按公允值於損益列賬之金融資產	(4,109)
Restricted bank deposits	受限制銀行存款	(52,327)
Cash and cash equivalents	現金及現金等價物	(219,487)
Trade and other payables	貿易及其他應付款項	657,716
Short term bank loans	短期銀行貸款	521,580
Provision for warranty	保用撥備	25,429
		40,215
Release of translation reserve	轉撥匯兌儲備	29,653
Sale consideration less transaction costs	出售代價減交易成本	7,292
Gain on disposal of subsidiaries	出售附屬公司之收益	77,160
Net cash outflow from disposal:	出售之現金流出淨額：	
Cash consideration received less transaction costs	已收現金代價減交易成本	3,424
Cash and cash equivalents disposed of	售出之現金及現金等價物	(219,487)
		(216,063)

19. INTERESTS IN AN ASSOCIATE

19. 於聯營公司之權益

		Group 本集團	
		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000 千港元	HK\$'000 千港元
			(Restated) (重列)
Share of net assets of an associate	分佔聯營公司資產淨值	741	494

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For the year ended 31 December 2009 截至2009年12月31日止年度

19. INTERESTS IN AN ASSOCIATE (Cont'd)

The particulars of the associate at 31 December 2009 and 2008 are as follows:

Name 名稱	Place of establishment and type of legal entity 成立地點及公司性質	Principal place of operation and activities 主要經營地點及業務	Particulars of registered and paid-in capital 註冊及實收資本之詳情	Interest held 所持權益
Guangdong Huada Electronic Design Co., Ltd. 廣東華大集成電路設計有限責任公司	PRC, limited liability company 中國，有限責任公司	PRC, design and sale of integrated circuits 中國，集成電路之設計及銷售	RMB3,000,000 人民幣3,000,000元	20%

19. 於聯營公司之權益 (續)

聯營公司於2009年及2008年12月31日之詳情如下：

The following details have been extracted from the financial statements of the Group's associate:

以下詳情摘錄自本集團之聯營公司財務報表：

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Revenue	收入	55,446	59,273
Profit/(Loss) for the year	本年度溢利／(虧損)	1,230	(188)
Group's share of profit/(loss) of the associate for the year	本集團分佔聯營公司本年度溢利／(虧損)	246	(38)
		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
Total assets	資產總額	31,196	28,959
Total liabilities	負債總額	(27,490)	(27,015)
Net assets	資產淨值	3,706	1,944
Group's share of net assets of the associate	本集團分佔聯營公司資產淨值	741	494

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For the year ended 31 December 2009 截至2009年12月31日止年度

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent unlisted equity interest in companies established in the PRC and are measured at costs less impairment at balance sheet date.

21. INVENTORIES – GROUP

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$283,755,000 (2008: HK\$385,821,000) for continuing operations.

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$1,257,406,000 (2008: HK\$1,725,375,000) for discontinued operation.

The Group made a provision of HK\$6,288,000 on inventory in 2009 (2008: HK\$17,907,000). The provision has been included in cost of sales for the year ended 31 December 2009.

20. 可供出售金融資產

可供出售金融資產指在中國成立之非上市公司的股權，其於結算日以成本減減值撥備計量。

21. 存貨 – 本集團

31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
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	–	230,118
	37,947	98,944
	46,663	267,258
	84,610	596,320

確認為開支並計入持續經營之業務銷售成本之存貨成本為283,755,000港元(2008年：385,821,000港元)。

確認為開支並計入已終止經營之業務銷售成本之存貨成本為1,257,406,000港元(2008年：1,725,375,000港元)。

本集團於截至2009年12月31日止年度計提6,288,000港元(2008年：17,907,000港元)之存貨撥備並計入銷售成本。

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For the year ended 31 December 2009 截至2009年12月31日止年度

22. TRADE AND OTHER RECEIVABLES

22. 貿易及其他應收款項

		Group 本集團		Company 本公司	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日	2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Restated) (重列)		
Trade receivables (Note (a))	貿易應收款項 (附註(a))	198,158	622,233	-	-
Less: provision for impairment (Note (b))	減：減值撥備 (附註(b))	(3,075)	(1,719)	-	-
Trade receivables – net	貿易應收款項 – 淨額	195,083	620,514	-	-
Notes receivables	應收票據	-	13,843	-	-
Other receivables from related parties	其他應收關連人士 款項	5,000	560	5,000	-
Prepayments and deposits	預付款項及按金	1,084	16,424	149	376
Value-added tax refundable	可退還之增值稅	-	18,753	-	-
Other receivables	其他應收款項	7,342	24,593	502	213
		208,509	694,687	5,651	589

At 31 December 2009 and 2008, the carrying amounts of trade and other receivables of the Group and the Company approximate their fair values.

於2009年及2008年12月31日，本集團及本公司之貿易及其他應收款之賬面值與其公允值相若。

All trade and other receivables were due within 1 year, non interest-bearing and unsecured. Included in the balance of trade receivables are trade receivables from related parties of HK\$58,740,000 (2008: HK\$136,917,000) (Note 33).

所有貿易及其他應收款項均於一年內到期、並沒有計息及無抵押。計入貿易應收款項結餘內之應收關連人士貿易款項為58,740,000港元(2008年：136,917,000港元)(附註33)。

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For the year ended 31 December 2009 截至2009年12月31日止年度

22. TRADE AND OTHER RECEIVABLES

(Cont'd)

Trade and other receivables of the Group at 31 December 2009 and 2008 are denominated in the following currencies:

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Renminbi	人民幣	202,747	315,691
HK dollar	港元	5,762	2,786
US dollar	美元	-	112,892
Euro	歐元	-	82,208
TRY	新土耳其理拉	-	44,579
RUR	俄羅斯盧布	-	131,913
Other currencies	其他貨幣	-	4,618
		208,509	694,687

Trade and other receivables of the Company at 31 December 2009 and 2008 are denominated in HK dollars.

- (a) The majority of the Group's sales are with credit terms of 30 days to 135 days. The remaining amounts are due immediately after the delivery of goods. At 31 December 2009, the ageing analysis of the gross trade receivables are as follows:

22. 貿易及其他應收款項 (續)

本集團於2009年及2008年12月31日之貿易及其他應收款項按貨幣劃分如下:

本公司於2009年及2008年12月31日之貿易及其他應收款項以港元持有。

- (a) 本集團之銷售大部份之信貸期為30日至135日。其餘銷售於貨品交付時到期。於2009年12月31日，貿易應收款項總額之賬齡分析如下：

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Current to 30 days	30日內	116,021	363,076
31-60 days	31日至60日	21,422	81,638
Over 60 days and within 1 year	60日以上及1年內	54,614	169,415
Over 1 year	1年以上	6,101	8,104
		198,158	622,233

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For the year ended 31 December 2009 截至2009年12月31日止年度

22. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) The trade receivables which were past due but not impaired amounted to HK\$53,136,000 at 31 December 2009 (2008: HK\$172,541,000). These related to a number of customers with high reputation for whom there is no recent history of default, the ageing analysis of these trade receivables are as follows:

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated) (重列)
Within 30 days	30日內	–	68,094
31–60 days	31日至60日	14,349	60,271
Over 60 days and within 1 year	60日以上及1年內	32,765	40,490
Over 1 year	1年以上	6,022	3,686
		53,136	172,541

The other classes within trade and other receivables do not contain impaired assets

22. 貿易及其他應收款項 (續)

(b) 於2009年12月31日，已逾期但並無減值之貿易應收款項為53,136,000港元(2008年：172,541,000港元)。此等貿易應收款項乃與某些近年並無拖欠款項記錄之信譽較好之客戶有關，其賬齡分析如下：

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated) (重列)
Within 30 days	30日內	–	68,094
31–60 days	31日至60日	14,349	60,271
Over 60 days and within 1 year	60日以上及1年內	32,765	40,490
Over 1 year	1年以上	6,022	3,686
		53,136	172,541

貿易及其他應收款項內之其他類別並無包含減值資產。

(c) Movements on the provision for impairment on the Group's trade receivables are as follows:

(c) 本集團貿易應收款項減值撥備之變動如下：

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated) (重列)
Beginning of the year	年初	1,719	1,976
Provision for impairment	減值撥備	19,931	278
Bad debts written off	壞賬撇銷	(281)	–
Exchange difference	匯兌差額	35	63
Disposal of subsidiaries	出售附屬公司	(18,329)	(598)
End of the year	年末	3,075	1,719

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

23. 按公允值於損益列賬之金融資產

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
Forward foreign exchange contracts	遠期外匯合約	-	1,271

24. CASH AND CASH EQUIVALENTS

24. 現金及現金等價物

		Group 本集團		Company 本公司	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日	2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Restated) (重列)		
Cash	現金				
At bank and on hand	銀行結存及現金	139,535	290,177	23,368	9,256
At other financial institution	其他財務機構結存	4	5,216	-	-
		139,539	295,393	23,368	9,256
Short term deposits	短期存款				
At bank	銀行結存	256,368	252,903	181,546	206,614
At other financial institution	其他財務機構結存	1,513	11,868	-	-
		257,881	264,771	181,546	206,614
		397,420	560,164	204,914	215,870

The effective interest rate on short term bank deposits at 31 December 2009 was 0.92% (2008: 1.04%) per annum. The maturity days of these deposits at 31 December 2009 were all within 90 days.

於2009年12月31日，短期銀行存款之實際年利率為0.92%（2008年：1.04%）。於2009年12月31日，該等存款之到期日均為90日內。

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For the year ended 31 December 2009 截至2009年12月31日止年度

25. ISSUED EQUITY/SHARE CAPITAL

(a) Issued equity – Group

25. 已發行權益／股本

(a) 已發行權益 – 本集團

		Number of shares '000 股份數目 千股	Issued equity HK\$'000 已發行權益 千港元
At 1 January 2008, as previously reported	於2008年1月1日 (如以往所報告)	1,083,560	370,074
Issue of consideration shares (iii)	發行對價股份(iii)	393,680	358,249
At 1 January 2008, as restated, at 31 December 2008, as restated and at 1 January 2009	於2008年1月1日(重列), 於2008年12月31日(重列) 及於2009年1月1日	1,477,240	728,323
Issue of consideration shares (iii)	發行對價股份(iii)	214,320	195,031
Transfer to reserve (Note 26(e))	轉撥至儲備(附註26(e))	–	(34,183)
At 31 December 2009	於2009年12月31日	1,691,560	889,171

(i) The number of shares reflect the Company's ordinary share of HK\$0.01 each issued and fully paid.

(ii) On 10 December 2003, CEC, the Company, the Company's then holding company, Winsan International Holdings Limited entered into a sale and purchase agreement. Pursuant to the agreement, the Company acquired CEC's 65% equity interest in Sang Fei (the "Acquisition") and the consideration was satisfied by the issuance of the Company's 6,500,000,000 shares to CEC. The Acquisition was completed on 24 September 2004 and has been accounted for as a reverse acquisition. For accounting purpose, Sang Fei is regarded as the acquirer while the Company and its then subsidiaries are deemed to have been acquired by Sang Fei. Accordingly, the amount recognised as issued equity of the Group, which consists of share capital and share premium, has been determined by adding to the issued equity of Sang Fei immediately before the completion of the Acquisition the cost of the acquisition of the Company and its then subsidiaries.

(i) 股份數目反映本公司每股面值0.01港元之已發行及繳足普通股。

(ii) 於2003年12月10日，中國電子集團、本公司及本公司當時的控股股東Winsan International Holdings Limited簽訂一份買賣協議。根據該協議，本公司收購中國電子集團於桑菲的65%股本權益（「收購事項」），所涉及的代價已透過發行本公司6,500,000,000股股份予中國電子集團之方式支付。收購事項已於2004年9月24日完成，並被視作一項反收購。就會計涵義而言，桑菲被視作收購人，而本公司及其當時的附屬公司則被視作被桑菲收購。因此，確認為本集團已發行權益的金額（包括股本及股份溢價）乃按緊接收購事項完成前桑菲的已發行權益加收購本公司及其當時之附屬公司的成本而釐定。

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For the year ended 31 December 2009 截至2009年12月31日止年度

25. ISSUED EQUITY/SHARE CAPITAL

(Cont'd)

(a) Issued equity – Group (Cont'd)

(iii) Upon the completion of the Huada Acquisition on 9 September 2009, 608,000,000 shares were allotted and issued, credited as fully paid, to the then shareholders of Huada Electronics as consideration shares at a price of HK\$0.91 per share. The total consideration amounting to HK\$553,280,000 is presented as the increase in share capital and share premium of the Group by HK\$6,080,000 and HK\$547,200,000 respectively. The 393,680,000 shares issued to China Huada as part of the Huada Acquisition are presented as if they had been issued at the previous balance sheet dates presented using the principles of merger accounting as prescribed in HKAG 5 in the consolidated financial statements of the Group. The difference between the fair value of the consideration shares issued and the 64.75% of paid-in capital of Huada Electronics acquired from China Huada under common control was recorded in merger reserve in the consolidated financial statements (Note 26(d)). The remaining 214,320,000 shares issued to the other then shareholders of Huada Electronics were accounted for as a transaction with minority interests on 9 September 2009. The difference between the fair value of consideration shares issued to minority interests of Huada Electronics for the acquisition of their interests in Huada Electronics and the Group's share of the carrying value of net assets of Huada Electronics acquired was recorded in the other reserve in the consolidated financial statements (Note 26(e)).

(b) Share capital – Company

25. 已發行權益／股本 (續)

(a) 已發行權益 – 本集團 (續)

(iii) 於2009年9月9日華大收購完成後，本公司已按每股0.91港元之價格向當時之華大電子股東配發及發行合共608,000,000股本公司股份(入賬列作繳足)作為對價股份。該總代價為553,280,000港元，分別呈列為本集團股本增加6,080,000港元及股份溢價增加547,200,000港元。華大收購中發行給中國華大之393,680,000股股份已按香港會計指引第5號所規定之合併會計原則在本集團綜合財務報表中呈列，在呈列時視為於先前呈列之資產負債表日已發行。發行對價股份之公允值與在共同控制下收購中國華大持有之64.75%華大電子實收資本之差額在本集團綜合財務報表之合併儲備內確認(附註26(d))。於2009年9月9日發行餘下之214,320,000股股份給當時之其他華大電子股東則採用與少數股東進行的交易之入賬方法處理。收購華大電子少數股東之權益而發行予華大電子少數股東之對價股份之公允值與集團應佔所收購華大電子之資產淨值賬面值之差異在本集團綜合財務報表之其他儲備內確認(附註26(e))。

(b) 股本 – 本公司

Number of shares – ordinary share of
HK\$0.01 each

股份數目 – 每股面值0.01港元之普通股

		Authorised 法定 '000 千股	Issued and fully paid 已發行及繳足 '000 千股	Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008, 31 December 2008 and 1 January 2009	於2008年1月1日， 2008年12月31日及 2009年1月1日	30,000,000	1,083,560	10,836	325,055	335,891
Issue of consideration shares	發行對價股份	-	608,000	6,080	547,200	553,280
At 31 December 2009	於2009年12月31日	30,000,000	1,691,560	16,916	872,255	889,171

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26. OTHER RESERVES

Group

26. 其他儲備

本集團

		Capital reserve 資本儲備	Surplus reserve 盈餘儲備	Share option reserve 購股權 儲備	Translation reserve 匯兌儲備	Merger reserve 合併儲備	Other reserve 其他儲備	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
		Note (a) 附註(a)	Note (b) 附註(b)	Note (c) 附註(c)		Note (d) 附註(d)	Note (e) 附註(e)	
At 1 January 2008, as previously reported	於2008年1月1日 (如以往所報告)	(1,806)	33,325	11,963	28,325	-	-	71,807
Merger of Huada Electronics Group	與華大電子集團合併	1,806	12,583	-	16,707	(337,450)	-	(306,354)
At 1 January 2008, as restated (Note 2.1)	於2008年1月1日 (重列)(附註2.1)	-	45,908	11,963	45,032	(337,450)	-	(234,547)
Transfer to paid-in capital of Huada Electronics	轉撥至華大電子實收 資本	(840)	-	-	-	9,845	-	9,005
Disposal of subsidiaries by Huada Electronics	華大電子出售 附屬公司	(36)	-	-	(7)	-	-	(43)
Share option lapsed	已失效購股權	-	-	(4,822)	-	-	-	(4,822)
Transfer to surplus reserve	轉撥至盈餘儲備	-	3,726	-	-	-	-	3,726
Currency translation differences	貨幣換算差額	-	-	-	21,478	-	-	21,478
At 31 December 2008, as restated (Note 2.1)	於2008年12月31日 (重列)(附註2.1)	(876)	49,634	7,141	66,503	(327,605)	-	(205,203)
At 1 January 2009	於2009年1月1日	(876)	49,634	7,141	66,503	(327,605)	-	(205,203)
Issue of consideration shares	發行對價股份	-	-	-	-	-	(134,832)	(134,832)
Disposal of subsidiaries (Sang Fei (BVI))	出售附屬公司 (桑菲(BVI))	1,806	(33,325)	-	(29,653)	-	65,702	4,530
Share option lapsed	已失效購股權	-	-	(4,095)	-	-	-	(4,095)
Currency translation differences	貨幣換算差額	-	-	-	(7,242)	-	-	(7,242)
At 31 December 2009	於2009年12月31日	930	16,309	3,046	29,608	(327,605)	(69,130)	(346,842)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

26. OTHER RESERVES (Cont'd)

Group (Cont'd)

(a) Capital reserve

Capital reserve represents the exchange differences arising from foreign currencies received for Sang Fei's paid-in capital.

(b) Surplus reserves

According to the laws and regulations of the PRC and enterprise's articles of association, the Company's PRC subsidiaries are required to provide for certain statutory funds, namely, general reserve fund and enterprise expansion fund, which are appropriated from profit after taxation but before dividend distribution based on the local statutory accounts prepared in accordance with accounting principles and relevant financial regulations applicable to enterprises established in the PRC. These PRC subsidiaries are required to allocate at least 10% of its profit after taxation to the reserve fund until the balance of such fund has reached 50% of its registered capital. Such appropriations are determined at the discretion of the board of directors. The general reserve fund can only be used, upon approval by the relevant authority, to offset accumulated deficit or increase capital. Enterprise expansion fund can be used to expand production or to increase capital.

26. 其他儲備 (續)

本集團 (續)

(a) 資本儲備

資本儲備指桑菲收到外幣實收資本而產生之匯兌差額。

(b) 盈餘儲備

根據中國法律及法規，以及企業之公司章程，本公司在中國之附屬公司須計提若干法定基金，分別為一般儲備基金及企業發展基金，均自根據按中國內地企業適用之會計原則及相關財務法規而編製之國內法定賬目計算之稅後但未計提股息分派之溢利中提取。此等中國附屬公司須將其稅後溢利最少10%分配至儲備基金，直至該儲備基金結餘達至其註冊資本之50%為止。此等撥款由董事會酌情釐定。一般儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。企業發展基金可用於擴大生產或增加資本。

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26. OTHER RESERVES (Cont'd)

Group (Cont'd)

(c) Share option reserve

On 25 October 2005, 28,450,000 options were granted to certain directors, employees and other participants at an exercise price of HK\$1.488 under the Share Option Scheme. 40% of the options granted are exercisable from 1 November 2005 to 31 October 2008, another 30% are exercisable from 1 November 2007 to 31 October 2009 and the remaining 30% are exercisable from 1 November 2008 to 31 October 2010. No option was exercised during the year.

Movements in the number of share options outstanding are as follows:

		2009 2009年	2008 2008年
At 1 January	於1月1日	11,070,000	20,950,000
Lapsed	已失效	(6,720,000)	(9,880,000)
At 31 December	於12月31日	4,350,000	11,070,000

Share options outstanding at 31 December 2009 and 2008 have the following expiry date:

		31 December 2009 2009年12月31日	31 December 2008 2008年12月31日
31 October 2009	2009年10月31日	-	5,535,000
31 October 2010	2010年10月31日	4,350,000	5,535,000
		4,350,000	11,070,000

During the year ended 31 December 2009, 6,720,000 options lapsed and an amount of HK\$4,095,000 was transferred from share option reserve to retained earnings (2008: HK\$4,822,000).

26. 其他儲備 (續)

本集團 (續)

(c) 購股權儲備

於2005年10月25日，若干董事、僱員及其他參與者根據購股權計劃獲授28,450,000份購股權，行使價為1.488港元。所授出之購股權中，40%可自2005年11月1日起至2008年10月31日止行使，另外30%可自2007年11月1日起至2009年10月31日止行使，而餘下之30%可自2008年11月1日起至2010年10月31日止行使。年內並無任何購股權獲行使。

尚未行使之購股權數目變動如下：

於2009年及2008年12月31日尚未行使之購股權之屆滿日期如下：

於截至2009年12月31日止年度，6,720,000份購股權已失效，4,095,000港元由購股權儲備轉撥至保留溢利（2008年：4,822,000港元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

26. OTHER RESERVES (Cont'd)

Group (Cont'd)

(d) Merger reserve

Merger reserve represents the difference between the fair value of the consideration shares issued to China Huada and the 64.75% of paid-in capital of Huada Electronics acquired from China Huada under common control.

(e) Other reserve

The amount recognised in other reserve includes the difference between the issued equity immediately before the disposal of Sang Fei (BVI) and its subsidiaries and share capital and share premium of the company, plus other reserve shared from Sang Fei upon the completion of the disposal; and the difference between the fair value of consideration shares issued to minority interests of Huada Electronics for the acquisition of their interest in Huada Electronics and the Group's share of the carrying value of net assets of Huada Electronics acquired.

Company

		Contributed surplus 實繳盈餘 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2008	於2008年1月1日	61,672	11,963	73,635
Share option lapsed	已失效購股權	-	(4,822)	(4,822)
At 31 December 2008	於2008年12月31日	61,672	7,141	68,813
At 1 January 2009	於2009年1月1日	61,672	7,141	68,813
Share option lapsed	已失效購股權	-	(4,095)	(4,095)
At 31 December 2009	於2009年12月31日	61,672	3,046	64,718

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is distributable to shareholders in certain circumstances as specified in section 54 thereof.

26. 其他儲備 (續)

本集團 (續)

(d) 合併儲備

合併儲備指在共同控制下發行給中國華大對價股份之公允值與收購中國華大持有之64.75%華大電子實收資本之差額。

(e) 其他儲備

在其他儲備中確認之金額包括出售桑菲(BVI)及其附屬公司前之已發行股本與本公司股本及股份溢價之間之差額，加上於出售完成後分佔桑菲之其他儲備；及因收購華大電子少數股東之權益而發行予華大電子少數股東之對價股份之公允值與集團應佔所收購華大電子之資產淨值賬面值之差異。

本公司

根據百慕達1981年公司法，本公司之實繳盈餘可於該條例第54條所訂明之若干情況下分派予股東。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

27. TRADE AND OTHER PAYABLES

27. 貿易及其他應付款項

		Group 本集團		Company 本公司	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日	2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Restated) (重列)		
Trade payables	貿易應付款項	122,834	384,289	-	-
Notes payables	應付票據	-	88,622	-	-
Other payables from related parties (Note 33)	其他應付關連人士款項 (附註33)	44,152	7,488	-	-
Accrued expenses	預提費用	3,248	131,896	3,255	5,521
Advance from customers	預收賬款	565	71,938	-	-
Salary and welfare payables	應付職工薪酬	40,499	37,673	1,285	-
Deferred government grants	遞延政府補助	46,514	48,144	-	-
Other taxes payables	其他應付稅項	18,203	11,693	-	-
Other payables	其他應付款項	29,731	124,138	-	7
		305,746	905,881	4,540	5,528

At 31 December 2009, the ageing analysis of the Group's trade payables are as follows:

於2009年12月31日，本集團貿易應付款項之賬齡分析如下：

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated) (重列)
Current to 30 days	30日內	63,251	334,736
31 – 60 days	31日至60日	8,473	15,903
Over 60 days	60日以上	51,110	33,650
		122,834	384,289

Notes payables represent non interest bearing commercial paper issued to suppliers with maturity period within 6 months.

應付票據，均為向供應商開出的無息商業承兌匯票，到期期限不超過6個月。

Included in the balance of trade payables are trade payables to related parties amounted to HK\$113,148,000 (2008: HK\$70,391,000) (Note 33).

計入貿易應付款項結餘內之應付關連人士貿易應付款項為113,148,000港元(2008年：70,391,000港元)(附註33)。

At 31 December 2009 and 2008, the carrying amount of trade and other payables of the Group and Company approximate their fair values.

於2009年及2008年12月31日本集團及本公司之貿易及其他應付款項之賬面值與其公允值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

28. SHORT TERM BANK LOANS – GROUP

28. 短期銀行貸款 – 本集團

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Unsecured	無抵押	22,715	470,634
Secured	有抵押	–	25,536
		22,715	496,170

Secured bank loans at 31 December 2008 of HK\$25,536,000 was pledged with trade receivables of HK\$28,373,000. The bank loans at 31 December 2009 were repayable within one year and bear interest at the average borrowing rate of 5.31% per annum (2008: 6.21%).

The carrying amounts of the short term bank loans approximate their fair value, which are denominated in the following currencies:

於2008年12月31日有抵押銀行貸款25,536,000港元以貿易應收款項28,373,000港元作抵押。於2009年12月31日，銀行貸款須於一年內償還及按平均借貸年利率5.31%（2008年：6.21%）計息。

短期銀行貸款之賬面值與其公允值相若，按貨幣劃分如下：

		31 December 2009	31 December 2008
		2009年12月31日	2008年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Renminbi	人民幣	22,715	470,634
US dollar	美元	–	25,536
		22,715	496,170

The Group has undrawn committed banking facilities of HK\$45,430,000 at 31 December 2009 (2008: HK\$22,679,000).

於2009年12月31日，本集團尚未動用之銀行借貸備用額為45,430,000港元（2008年：22,679,000港元）。

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

29. PROVISION FOR WARRANTY – GROUP

The Group's discontinued operation provides free repair and replacement services ranging from 12 to 15 months after sales. The cost of the warranty obligation under which the Group agrees to remedy defects in its products is accrued at the time the related sales are recognised. The Group had provided for expected warranty claims on mobile products and certain ODM/OEM products based on past experience of the level of repairs and returns.

29. 保用撥備 – 本集團

本集團已終止經營之業務提供介乎12至15個月之免費售後維修及更換服務。本集團同意維修其產品所涉及之保用責任成本乃於確認相關銷售時計提。本集團按照過往維修及退貨水平之經驗，就移動產品及若干ODM/OEM產品之預期保用索償作出撥備。

Year ended 31 December

截至12月31日止年度

		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
At 1 January	於1月1日	43,015	77,260
Charged for the year (Note (a))	本年度計提 (附註(a))	31,290	34,065
Utilised during the year	年內已動用	(48,876)	(68,310)
Disposal of subsidiaries	出售附屬公司	(25,429)	–
At 31 December	於12月31日	–	43,015

(a) Provision for warranty of HK\$31,290,000 (2008: HK\$34,065,000) has been charged to selling and marketing costs.

(a) 為數31,290,000港元 (2008年: 34,065,000港元) 之保用撥備已計入銷售及市場推廣成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

30. CASH GENERATED FROM OPERATIONS

30. 經營產生之現金

		Year ended 31 December	
		截至12月31日止年度	
		2009	2008
		2009年	2008年
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(重列)
Profit/(Loss) before income tax	除所得稅前溢利／(虧損)		
– Continuing operations	– 持續經營之業務	60,995	121,571
– Discontinued operation	– 已終止經營之業務	(15,819)	(324,068)
Adjustment for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	27,079	34,899
Amortisation of intangible assets	無形資產攤銷	8,006	8,715
Dividend received	收取股息	(227)	(567)
Interest received	收取利息	(4,334)	(10,462)
Interest paid	支付利息	32,294	37,898
Share of results of an associate	分佔聯營公司之業績	(246)	38
Gain on disposal of subsidiaries	出售附屬公司之收益	(77,160)	(3,909)
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	–	(834)
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	(243)	(85)
		30,345	(136,804)
Changes in working capital	營運資金變動		
Inventories	存貨	162,665	6,542
Trade and other receivables	貿易及其他應收款項	(7,896)	417,029
Financial assets at fair value through profit or loss	按公允值於損益列賬之金融資產	(2,833)	(1,271)
Trade and other payables	貿易及其他應付款項	61,351	(49,410)
Provision for warranty	保用撥備	(17,586)	(34,245)
Cash generated from operations	經營產生之現金	226,046	201,841

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

31. COMMITMENTS

(a) Capital commitments – Group

The Group's capital commitments which were contracted but not provided for are as follows:

	31 December 2009	31 December 2008
	2009年12月31日	2008年12月31日
	HK\$'000	HK\$'000
	千港元	千港元
		(Restated) (重列)
Purchase of property, plant and equipment and computer software 購買物業、廠房及設備及電腦軟件	–	2,094

(b) Operating lease commitments

The Group has future aggregate minimum lease payments under non-cancellable operating leases for factories and office premises are as follows:

31. 承擔

(a) 資本承擔 – 本集團

本集團已簽約但未撥備之資本承擔如下：

	31 December 2009	31 December 2008
	2009年12月31日	2008年12月31日
	HK\$'000	HK\$'000
	千港元	千港元
		(Restated) (重列)
Purchase of property, plant and equipment and computer software 購買物業、廠房及設備及電腦軟件	–	2,094

(b) 經營租賃承擔

本集團根據不可解除之廠房及辦公室物業之經營租賃而須於未來支付之最低租賃款項總額如下：

		Group 本集團		Company 本公司	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
		2009年 12月31日	2008年 12月31日	2009年 12月31日	2008年 12月31日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Restated) (重列)		
Not later than one year 1年內		7,598	34,033	30	359
In the second to fifth years 第2年至第5年內		9,847	32,207	–	30
		17,445	66,240	30	389

32. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities at 31 December 2009 (2008: nil).

32. 或然負債

於2009年12月31日，本集團並無任何重大或然負債(2008年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to those transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

(a) Significant transactions with companies under common control of CEC

33. 關連人士交易及結餘

除於本綜合財務報表其他部份已披露的交易及結餘外，於本年度內本集團與關連人士進行了下列各項重大交易：

(a) 與受中國電子集團共同控制之公司之重大交易

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
(i) Continuing operations:	(i) 持續經營之業務：		
Sales of products	銷售產品	39,214	48,627
Purchases of goods and services	採購貨品及服務	236,101	385,560
Interest received	收取利息	1,339	44
Rental paid	支付租金	1,182	2,066
(ii) Discontinued operation:	(ii) 已終止經營之業務：		
Sales of products, samples and raw materials	銷售產品、樣本及原材料	196,971	342,503
Purchases of raw materials	採購原材料	43,143	91,929
Processing services received	接受加工服務	3,993	9,136
Canteen services received	接受食堂服務	7,784	13,917
After sales and maintenance services received	接受售後維修服務	7,429	11,223
Rental paid	支付租金	12,222	13,520
Licence fee paid	支付商標許可費	–	17,983
Comprehensive services received	接受全面服務	16,573	34,837
Interest paid	支付利息	3,444	–

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

(b) Significant balances with companies under common control of CEC

		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
Trade receivables	貿易應收款項	40,136	85,444
Other receivables	其他應收款項	5,000	560
Prepayments	預付款項	-	4,608
Deposits	存款	-	12,705
Trade payables	貿易應付款項	113,148	70,391
Other payables	其他應付款項	44,512	7,488
Trade advance	預收貿易賬款	-	24,997

(c) Transactions and balance with an associate

33. 關連人士交易及結餘 (續)

(b) 與受中國電子集團共同控制之公司之重大結餘

(c) 與聯營公司之交易及結餘

		Year ended 31 December 截至12月31日止年度 2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Sales of products	銷售產品	3,190	24,459

		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元 (Restated) (重列)
Trade receivables	貿易應收款項	10,498	41,476

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2009 截至2009年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)**(d) Transactions and balance with a company that the Group has significant influence****33. 關連人士交易及結餘** (續)**(d) 與本集團能施加重大影響之公司之交易及結餘**

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列)
Sales of products	銷售產品	4,120	7,858
		31 December 2009 2009年12月31日 HK\$'000 千港元	31 December 2008 2008年12月31日 HK\$'000 千港元
Trade receivables	貿易應收款項	8,106	9,997

(e) Key management compensation**(e) 主要管理人員酬金**

		Year ended 31 December 截至12月31日止年度	
		2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,421	3,592
Contributions to retirement schemes	退休計劃供款	99	101
		3,520	3,693

Five-year Financial Summary 五年財務資料摘要

Set out below is a summary of the financial information of the Group for the last five years.

以下為本集團過去五個財政年度財務資料摘要。

RESULTS

業績

		Year ended 31 December 截至12月31日止年度				
		2009 2009年 HK\$'000 千港元 (Audited) (經審核)	2008 2008年 HK\$'000 千港元 (Restated) (重列) (Audited) (經審核) (i)	2007 2007年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核) (i)	2006 2006年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核) (i)	2005 2005年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核) (i)
Continuing operations Revenue	持續經營之業務收入	460,533	621,805	652,767	508,717	295,524
Profit before income tax	除所得稅前溢利	60,995	121,571	131,873	123,921	46,848
Income tax expense	所得稅開支	(7,171)	(16,997)	(4,756)	(8,690)	(2,383)
Profit for the year from continuing operations	持續經營之業務之本年度溢利	53,824	104,574	127,117	115,231	44,465
(Loss)/Profit for the year from discontinued operation	已終止經營之業務之本年度(虧損)/溢利	(15,819)	(324,068)	12,713	73,954	79,316
Profit/(Loss) for the year	本年度溢利/(虧損)	38,005	(219,494)	139,830	189,185	123,781
Attributable to :	歸屬於 :					
Shareholders of the Company	本公司股東	41,072	(146,327)	90,505	120,993	75,432
Minority interests	少數股東	(3,067)	(73,167)	49,325	68,192	48,349
		38,005	(219,494)	139,830	189,185	123,781

Five-year Financial Summary

五年財務資料摘要

ASSETS AND LIABILITIES

資產及負債

		31 December 12月31日				
	2009 2009年 HK\$'000 千港元	2008 2008年 HK\$'000 千港元 (Restated) (重列) (Audited) (經審核)	2007 2007年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核)	2006 2006年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核)	2005 2005年 HK\$'000 千港元 (Restated) (重列) (Unaudited) (未經審核)	
		(i)	(i)	(i)	(i)	
Total assets	資產總額	732,790	2,001,367	2,432,284	1,897,495	2,183,378
Total liabilities	負債總額	(328,461)	(1,445,066)	(1,528,812)	(1,091,787)	(1,525,856)
Minority interests	少數股東權益	-	(117,226)	(235,745)	(210,181)	(169,796)
		404,329	439,075	667,727	595,527	487,726

(i) The financial summary for the year ended 31 December 2005, 2006, 2007 and 2008 are restated using the principles of merger accounting, as prescribed in HKAG 5. Details of which were disclosed in Note 2.1 of the consolidated financial statements for the year ended 31 December 2009.

(i) 截至2005年、2006年、2007年及2008年12月31日止年度之財務資料摘要乃採用香港會計指引第5號所規定之合併會計原則重列。有關詳情已於2009年12月31日止年度之綜合財務報表附註2.1披露。

Room 3503, 35th Floor,
China Resources Building,
26 Harbour Road,
Wanchai, Hong Kong
香港灣仔港灣道26號
華潤大廈35樓3503室
Tel 電話: (852) 2598 9088
Fax 傳真: (852) 2598 9018

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