Foxconn International Holdings Limited
富士康國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Board") of Foxconn International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	**2011** *US$'000*	2010 *US$'000*
Turnover	2	**6,354,417**	6,626,004
Cost of sales		**(6,015,670)**	(6,343,561)
Gross profit		**338,747**	282,443
Other income, gains and losses	3	**272,329**	163,979
Selling expenses		**(26,979)**	(26,832)
General and administrative expenses		**(247,630)**	(251,959)
Research and development expenses		**(193,894)**	(219,758)
Impairment loss recognised for property, plant and equipment	4	**(6,571)**	(81,644)
Impairment loss recognised for goodwill		**–**	(34,445)
Impairment loss recognised for interests in an associate		**–**	(2,664)
Interest expense on bank borrowings		**(11,530)**	(6,665)
Share of profits of associates		**5,529**	1,416
Profit (loss) before tax	5	**130,001**	(176,129)
Income tax expense	6	**(54,869)**	(43,638)
Profit (loss) for the year		**75,132**	(219,767)
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		**96,832**	115,151
Share of translation reserve of associates		**(760)**	1,827
Reserves released upon disposals of subsidiaries		**(35,984)**	–
Reserves released upon partial disposal of interests in an associate		**(251)**	–
Other comprehensive income for the year		**59,837**	116,978
Total comprehensive income (expense) for the year		**134,969**	(102,789)

	NOTES	2011 US$'000	2010 US$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**72,844**	(218,317)
Non-controlling interests		**2,288**	(1,450)
		75,132	(219,767)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**133,397**	(103,833)
Non-controlling interests		**1,572**	1,044
		134,969	(102,789)
Earnings (loss) per share	7		
Basic		**US1.01 cents**	(US3.06 cents)
Diluted		**US1.01 cents**	(US3.06 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	2011 US$'000	2010 US$'000
Non-current assets			
Property, plant and equipment		**1,457,039**	1,722,832
Investment properties		**–**	30,450
Prepaid lease payments		**51,845**	135,213
Available-for-sale investments		**90**	91
Interests in associates		**45,481**	46,814
Deferred tax assets		**21,326**	28,732
Deposits for acquisition of prepaid lease payments		**30,264**	28,795
Deposits for acquisition of property, plant and equipment		**456**	4,141
		1,606,501	1,997,068
Current assets			
Inventories		**608,354**	748,189
Trade and other receivables	9	**1,411,700**	1,647,775
Bank deposits		**409,681**	268,063
Bank balances and cash		**1,512,461**	1,356,254
		3,942,196	4,020,281
Assets classified as held for sale		**62,923**	–
		4,005,119	4,020,281
Current liabilities			
Trade and other payables	10	**1,215,434**	1,401,150
Bank borrowings		**483,245**	862,213
Provision		**28,395**	28,340
Tax payable		**81,222**	75,385
		1,808,296	2,367,088
Net current assets		**2,196,823**	1,653,193
Total assets less current liabilities		**3,803,324**	3,650,261

	NOTES	2011 US$'000	2010 US$'000
Capital and reserves			
Share capital		**288,987**	286,563
Reserves		**3,451,022**	3,260,464
Equity attributable to owners of the Company		**3,740,009**	3,547,027
Non-controlling interests		**18,685**	46,000
Total equity		**3,758,694**	3,593,027
Non-current liabilities			
Deferred tax liabilities		**8,798**	3,423
Deferred income		**35,832**	53,811
		44,630	57,234
		3,803,324	3,650,261

Notes:

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (THE "IFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised IFRS") issued by the International Accounting Standards Board (the "IASB") and IFRS Interpretation Committee (formerly known as the International Financial Reporting Interpretations Committee) (the "IFRIC") of the IASB that are effective for the Group's financial year beginning 1 January 2011.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related party disclosures
Amendments to IAS 32	Classification of rights issues
Amendments to IFRIC 14	Prepayments of a minimum funding requirement
IFRIC 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

<u>New and revised IFRSs in issue but not yet effective</u>

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to IFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
IFRS 9	Financial instruments[3]
IFRS 9 and Amendments to IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures[3]
IFRS 10	Consolidated financial statements[2]
IFRS 11	Joint arrangements[2]
IFRS 12	Disclosure of interests in other entities[2]
IFRS 13	Fair value measurement[2]
Amendments to IAS 1	Presentation of items of other comprehensive income[5]
Amendments to IAS 12	Deferred tax: Recovery of underlying assets[4]
IAS 19 (as revised in 2011)	Employee benefits[2]
IAS 27 (as revised in 2011)	Separate financial statements[2]
IAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to IAS 32	Offsetting financial assets and financial liabilities[6]
IFRIC 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have impact on amounts reported in respect of the Group's available for sale investment which currently carries at cost. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 13 "Fair value measurement"

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

IAS 19 (as revised in 2011) "Employee benefits"

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision maker, the Chief Executive Officer, for the purpose of allocating resources to the segment and to assess its performance.

The Group's operations are organised into three operating segments based on the location of customers – Asia, Europe and America.

Segment revenue and results

The Group's revenue is mainly arising from the manufacturing services to its customers in connection with the production of handsets.

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	2011	2010
	US$'000	*US$'000*
Segment revenue (external sales)		
Asia	**3,396,263**	3,263,416
Europe	**1,490,499**	1,754,216
America	**1,467,655**	1,608,372
Total	**6,354,417**	6,626,004
Segment profit		
Asia	**232,444**	190,304
Europe	**62,257**	90,192
America	**83,185**	46,552
	377,886	327,048
Other income, gains and losses	**204,487**	88,675
General and administrative and research and development expenses	**(441,524)**	(471,717)
Impairment loss recognised for property, plant and equipment	**(4,847)**	(77,777)
Impairment loss recognised for goodwill	**–**	(34,445)
Impairment loss recognised for interests in an associate	**–**	(2,664)
Interest expense on bank borrowings	**(11,530)**	(6,665)
Share of profits of associates	**5,529**	1,416
Profit (loss) before tax	**130,001**	(176,129)

Majority of the Group's sales to Asian customers is attributed to the People's Republic of China ("PRC").

Segment profit represents the gross profit earned by each segment and the service income (included in other income) after deducting certain selling expenses and impairment recognised for certain property, plant and equipment. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	2011	2010
	US$'000	*US$'000*
ASSETS		
Segment assets		
Allocated		
Asia	**628,743**	767,902
Europe	**378,704**	329,872
America	**517,776**	555,709
Total	**1,525,223**	1,653,483
Unallocated		
Property, plant and equipment	**1,396,286**	1,645,406
Inventories	**525,253**	629,163
Cash and bank deposits	**1,759,756**	1,521,658
Others	**333,329**	485,812
Corporate assets	**71,773**	81,827
Consolidated total assets	**5,611,620**	6,017,349
LIABILITIES		
Segment liabilities		
Allocated		
Europe	**11,524**	16,948
America	**51,220**	71,515
Total	**62,744**	88,463
Unallocated		
Trade and other payables	**1,151,075**	1,310,009
Others	**63,308**	79,336
Corporate liabilities	**575,799**	946,514
Consolidated total liabilities	**1,852,926**	2,424,322

For the purposes of monitoring segment performances and allocating resources among segments, trade receivables from Asia operations were allocated to Asia segment. Certain property, plant and equipment, inventories, trade and other receivables and cash and cash equivalents relate to Europe and America operations are allocated to Europe and America segments. Segment liabilities represent certain trade and other payables and provision for warranty relating to the Europe and America operations.

3. OTHER INCOME, GAINS AND LOSSES

	2011	2010
	US$'000	*US$'000*
An analysis of the Group's other income, gains and losses is as follows:		
Interest income from bank	**38,969**	18,872
Service and subcontracting income	**67,842**	75,304
Sales of materials and scraps	**38,536**	22,663
Repairs and modifications of moldings	**27,185**	35,878
Net foreign exchange gain	**8,774**	1,121
Gain on disposals of subsidiaries	**73,303**	–
Gain on partial disposal of an associate	**4,609**	–
Government subsidies *(note)*	**10,159**	8,298
Rental income	**5,757**	10,790
Impairment loss recognised for available-for-sale investments	**–**	(1,519)
Loss on disposal of property, plant and equipment	**(6,109)**	(13,057)
Others	**3,304**	5,629
	272,329	163,979

Note: This mainly represented subsidies granted for the Group's operations in the PRC.

4. IMPAIRMENT LOSS RECOGNISED FOR PROPERTY, PLANT AND EQUIPMENT

At 31 December 2011, the Group's management appointed professional appraisers to perform appraisals on the Group's principal manufacturing assets for the purpose of determining if the assets have been impaired for those group of assets that have impairment indications and determined that a number of those assets were impaired. Impairment loss of US$3,489,000, US$2,971,000 and US$111,000 (2010: US$4,152,000, US$77,192,000 and US$300,000) have been recognised in respect of land and buildings, plant and machinery and fixtures and equipment respectively for the year. The recoverable amounts of the relevant assets have been determined by the Group's management on the basis of fair value less costs to sell by reference to the appraisal values provided by the professional appraisers.

5. PROFIT (LOSS) BEFORE TAX

	2011	2010
	US$'000	*US$'000*
Profit (loss) before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**244,439**	282,169
Depreciation of investment properties	**1,074**	1,820
Amortisation of prepaid lease payments (included in general and administrative expense)	**1,793**	3,006
Total depreciation and amortisation	**247,306**	286,995
Auditor's remuneration	**1,024**	1,165
Cost of inventories recognised as expense	**6,007,659**	6,325,268
Provision for warranty	**6,819**	12,279
Allowance (write back of allowance) for doubtful debts, net	**3,551**	(519)
Write down of inventories (included in cost of inventories recognised as expense)	**1,192**	6,014
Staff costs		
Directors' remuneration	**3,741**	4,053
Retirement benefit scheme contributions (excluding directors)	**38,572**	29,708
Other staff costs	**427,863**	475,557
Equity-settled share-based payments	**62,599**	55,929
Cash-settled share-based payments	**–**	11

6. INCOME TAX EXPENSE

	2011	2010
	US$'000	*US$'000*
Current tax	**37,437**	37,099
Underprovision in prior years	**2,340**	1,416
	39,777	38,515
Deferred tax		
– Current year	**14,904**	4,953
– Change in tax rates	**188**	170
	15,092	5,123
	54,869	43,638

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2011	2010
	US$'000	*US$'000*
Earnings (loss) attributable to the owners of the Company		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**72,844**	(218,317)

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**7,204,771,998**	7,125,578,478
Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company and share awards	**39,886,933**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**7,244,658,931**	7,125,578,478

The computation of diluted loss per share for the year ended 31 December 2010 did not assume the exercise of the Company's share options as the exercise of the outstanding options would result in a decrease in the loss per share.

8. DIVIDEND

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	US$'000	*US$'000*
Trade receivables	**1,197,654**	1,315,602
Less: allowance for doubtful debts	**(4,193)**	(519)
	1,193,461	1,315,083
Other taxes recoverables	**163,343**	268,941
Other receivables	**54,896**	63,751
Total trade and other receivables	**1,411,700**	1,647,775

The Group normally allows a credit period of 30 to 90 days to its trade customers.

The following is the aged analysis of trade receivables from invoice date at the end of the reporting period:

	2011	2010
	US$'000	*US$'000*
0 – 90 days	**1,177,063**	1,288,809
91 – 180 days	**8,247**	18,810
181 – 360 days	**3,772**	3,666
Over 360 days	**4,379**	3,798
	1,193,461	1,315,083

10. TRADE AND OTHER PAYABLES

	2011	2010
	US$'000	*US$'000*
Trade payables	**880,956**	1,066,162
Accruals and other payables	**314,254**	334,988
Deposit received	**20,224**	–
	1,215,434	1,401,150

The following is the aged analysis of trade payables from invoice date at the end of the reporting period:

	2011	2010
	US$'000	*US$'000*
0 – 90 days	**863,521**	1,048,599
91 – 180 days	**6,434**	9,213
181 – 360 days	**6,901**	3,521
Over 360 days	**4,100**	4,829
	880,956	1,066,162

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

The year 2011 was a year of recovery for the Group. Our efforts in capacity optimization in various geographical locations and new customer penetration started to create positive impact to our operation results.

Revenue for the year 2011 was US$6,354 million, which represents a change of US$272 million, or 4.1% decrease when compared to the prior year's revenue of US$6,626 million. Profit for the year 2011 attributable to equity holders of the Company was US$73 million, representing a gain of 133.5% over the loss for the prior year of US$218 million. Basic earnings per share for the year 2011 was US1.01 cents.

The battle for market shares among global OEM brands and new entrants intensified in 2011, caused by the convergence of computer and communications industries and the introduction of new software systems, applications and services. However, our investments in further enhancements of our R&D capabilities allowed us to offer wider range of products and services to our existing customers as well as new ones. This was the year that we managed to attract a broader range of players in the market by providing one-stop-shop solutions from design, manufacturing to logistics.

Our relentless efforts in right-sizing our capacity, disposal of lower-return facilities and even business had enabled us to show much improved operating results. By the end of 2011, our major manufacturing capabilities in the PRC had been consolidated in our northern sites. Significant effects of cross business units leverage were made possible. This, compared to our status in 2010, was a major contributor to the rationalization of our cost structure. We also continued to divest less-utilised equipment and release other manufacturing resources so as to improve our capacity utilization. Capital expenditure occurred in the year was under the management's strict control.

While our commitment in R&D remained, we managed to streamline our R&D resources. To cope with business changes, we had to cut back R&D investments in some areas and keep our focus on Taiwan and the PRC. Such resources were highly appreciated by our new and existing customers as we were able to tremendously enrich their product portfolio and shorten their products' time to market. Our customers can now focus on product positioning, marketing, sales and distribution while leaving us to take care of their product design and supply chain. It is our belief that we were on the forefront of such total solution offering in the handset industry for both developed and emerging markets.

Liquidity and Financial Resources

As at 31 December 2011, we had a cash balance of US$1,512 million. The cash balance is expected to be able to finance our operations. Our gearing ratio, expressed as a percentage of interest bearing external borrowings of US$483 million (2010: US$862 million) over total assets of US$5,612 million (2010: US$6,017 million), was 8.61% (2010: 14.33%). External borrowings decreased in 2011 as we repaid US Dollar borrowing by RMB cash on hand to reduce foreign currency risks. In 2011, most of the borrowings were denominated in US Dollars and some of them were denominated in Euro in overseas entities. We borrowed according to real demand and there was no bank committed borrowing facilities and no seasonality of borrowing requirements. The outstanding interest bearing external borrowings were all at fixed rate ranging from 1.25% to 4.37% per annum with original maturity of one to three months.

Net cash from operating activities for the year ended 31 December 2011 was US$488 million.

Net cash from investing activities for the year ended 31 December 2011 was US$14 million, of which, mainly, US$177 million was the expenditures on property, plant and equipment related to the facilities in our major sites in the PRC, US$133 million placement in bank deposit, US$13 million represented increase in deposits for acquisition of property, plant and equipment, US$20 million represented deposit received in respect of assets held for sale, US$272 million represented the net cash inflow on disposals of subsidiaries, US$35 million represented proceeds on disposal of property, plant and equipment, and US$10 million represented net proceeds on partial disposal of an associate.

Net cash used in financing activities for the year ended 31 December 2011 was US$386 million, primarily due to net decrease in bank loans.

Exposures to Currency Risk and Related Hedges

In order to mitigate foreign currency risks, the Group actively utilized natural hedge technique to manage its foreign currency exposures by non-financial methods, such as managing the transaction currency, leading and lagging payments, receivable management, etc.

Besides, the Group sometimes entered into short-term foreign currency forward contracts (usually with tenor less than 6 months) to hedge the currency risk resulting from its short-term bank loans (usually with tenors less than 6 months) denominated in foreign currencies. Also, the Group, from time to time, utilized a variety of foreign currency forward contracts to hedge its exposure to foreign currencies.

Capital Commitments

As at 31 December 2011, the capital commitment of the Group was US$67.1 million (2010: US$102.2 million). Usually, the capital commitment will be funded by cash generated from operations.

Pledge of Assets

A subsidiary of the Company has pledged its corporate assets of approximately US$1.7 million (2010: US$3 million) to secure general banking facilities granted to the Group.

Outlook

Looking ahead into 2012, smart mobile devices should still receive mainstream attention in the market from consumers. We can now operate from a leaner base and are in a good position to drive our business further. While market situation could remain volatile, we should keep our focus on providing the best services to our customers. We look to expand the value-added solutions to our customers and new prospects. Our continuous drives in manufacturing automation, cost rationalization and customer diversification will prove to be pivotal to our long-term success.

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Employees

As at 31 December 2011, the Group had a total of 98,868 (2010: 126,687) employees. Total staff costs incurred during the year 2011 amounted to US$533 million (2010: US$565 million). The Group offers a comprehensive remuneration policy which is reviewed by the management on a regular basis.

The Company has adopted a share scheme and a share option scheme respectively. The share option scheme complies with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 29 May 2012 to Thursday, 31 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the Company's forthcoming annual general meeting to be held on Thursday, 31 May 2012, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 May 2012.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CCGP") contained in Appendix 14 to the Listing Rules throughout the accounting year ended 31 December 2011 except for code provision A.2.1, which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Under code provision A.2.1 of the CCGP, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. In light of the great uncertainties with the European economic outlook and handset industry's fundamental paradigm changes that greatly impacted all leading brands, the Board considered that experienced leadership was most essential. Accordingly, Mr. Chin Wai Leung, Samuel held both positions in the Company throughout the accounting year ended

31 December 2011. As an enhancement of the Company's corporate governance practices, the roles of chairman and chief executive officer were separated with effect from 1 January 2012. Mr. Cheng Tien Chong was appointed as the new chief executive officer and executive director of the Company effective 1 January 2012. Mr. Chin Wai Leung, Samuel has remained as the chairman of the Board and has continued his involvement in the formulation and review of business plans and strategies since 1 January 2012. This is beneficial to the interests of the Company and its shareholders as a whole and is also in full compliance with code provision A.2.1 of the CCGP.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry made by the Company, all the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the CCGP. Its primary duties are to review the Group's financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee is comprised of three non-executive directors, two of whom are independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2011.

DISCLOSURE OF INFORMATION ON WEBSITES

The 2011 Annual Report of the Company containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively in due course.

By Order of the Board
Chin Wai Leung, Samuel
Chairman

Hong Kong, 22 March 2012

As at the date of this announcement, the executive directors of the Company are Messrs. Chin Wai Leung, Samuel and Cheng Tien Chong and Chih Yu Yang and Dr. Lee Jer Sheng, the non-executive directors of the Company are Messrs. Chang Ban Ja, Jimmy and Lee Jin Ming and the independent non-executive directors of the Company are Messrs. Lau Siu Ki and Chen Fung Ming and Dr. Daniel Joseph Mehan.

* *for identification purposes only*