



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)

2010 | Interim Report
中 期 報 告

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CORPORATE INFORMATION

Board of Directors

Non-executive Directors

Xiong Qunli (*Chairman*)

Zhao Guiwu (*Vice Chairman*)

Executive Directors

Fan Qingwu (*Managing Director*)

Liu Jinping

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

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2 Church Street

Hamilton HM 11

Bermuda

Principal Office in Hong Kong

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26 Harbour Road

Wanchai

Hong Kong

公司資料

董事會

非執行董事

熊群力 (*主席*)

趙貴武 (*副主席*)

執行董事

范卿午 (*董事總經理*)

劉晉平

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

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CORPORATE INFORMATION

Investor Relations

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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 Share Registrar and Transfer Office

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

Auditors

PricewaterhouseCoopers

Legal Advisors

As to Hong Kong Law
Linklaters

As to Bermuda Law

Conyers Dill & Pearman

公司資料

投資者關係聯絡

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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
灣仔
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

The board of directors (the “Board”) of China Electronics Corporation Holdings Company Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

中國電子集團控股有限公司(「本公司」)董事會(「董事會」)謹此呈報本公司及其附屬公司(「本集團」)截至2010年6月30日止六個月的未經審核簡明綜合中期業績連同比較數字如下：

簡明綜合中期收益表

截至2010年6月30日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
	Note 附註	2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Revenue	收入	262,998	267,506
Cost of sales	銷售成本	(171,525)	(174,948)
Gross profit	毛利	91,473	92,558
Other gains – net	其他收益 – 淨額	8,980	13,446
Selling and marketing costs	銷售及市場推廣成本	(15,915)	(6,051)
Administrative expenses	行政開支	(54,683)	(53,134)
Operating profit	經營溢利	29,855	46,819
Finance income – net	融資收入 – 淨額	529	657
Profit before income tax	除所得稅前溢利	30,384	47,476
Income tax expense	所得稅開支	(3,886)	(8,045)
Profit for the period from continuing operations	持續經營之業務之期內溢利	26,498	39,431
Discontinued operation	已終止經營之業務		
Loss for the period from discontinued operation	已終止經營之業務之期內虧損	–	(91,320)
Profit/(Loss) for the period	期內溢利/(虧損)	26,498	(51,889)
Attributable to:	歸屬於：		
– Shareholders of the Company	– 本公司股東	26,498	(46,370)
– Minority interests	– 少數股東	–	(5,519)
		26,498	(51,889)
		HK cents	HK cents
		港仙	港仙
Earnings/(Loss) per share	每股盈利/(虧損)		
From continuing and discontinued operations	持續經營及已終止經營之業務		
– Basic	– 基本	1.57	(3.14)
– Diluted	– 攤薄	1.57	(3.14)
From continuing operations	持續經營之業務		
– Basic	– 基本	1.57	1.61
– Diluted	– 攤薄	1.57	1.61
Dividends	股息	–	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期全面收益表

截至2010年6月30日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Profit/(Loss) for the period	期內溢利/(虧損)	26,498	(51,889)
Other comprehensive income for the period:	期內其他全面收益：		
Exchange differences on translation of financial statements of foreign operations	換算海外業務賬目的匯兌差額	2,017	(2,415)
Total comprehensive income for the period	期內全面收益總額	28,515	(54,304)
Attributable to:	歸屬於：		
– Shareholders of the Company	– 本公司股東	28,515	(48,777)
– Minority interests	– 少數股東	–	(5,527)
		28,515	(54,304)

**CONDENSED CONSOLIDATED INTERIM
BALANCE SHEET**

AT 30 JUNE 2010

簡明綜合中期資產負債表

於2010年6月30日

			30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	21,719	22,334
Intangible assets	無形資產	11	7,725	3,984
Deferred taxation assets	遞延稅項資產		14,013	12,921
Interests in an associate	於聯營公司之權益		748	741
Available-for-sale financial assets	可供出售金融資產		2,293	2,271
			46,498	42,251
Current assets	流動資產			
Inventories	存貨		168,325	84,610
Trade and other receivables	貿易及其他應收款項	12	273,807	208,509
Cash and cash equivalents	現金及現金等價物		334,291	397,420
			776,423	690,539
Total assets	資產總額		822,921	732,790
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	13	889,171	889,171
Other reserves	其他儲備	14	(344,825)	(346,842)
Accumulated losses	累計虧損		(111,502)	(138,000)
Total equity	權益總額		432,844	404,329
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	15	367,151	305,746
Short term bank loans	短期銀行貸款		22,926	22,715
Total liabilities	負債總額		390,077	328,461
Total equity and liabilities	權益及負債總額		822,921	732,790
Net current assets	流動資產淨值		386,346	362,078
Total assets less current liabilities	總資產減流動負債		432,844	404,329

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期權益變動表

截至2010年6月30日止六個月

		Unaudited 未經審核					
		Attributable to shareholders of the Company 本公司股東應佔					
		Issued equity 已發 行權益 HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	Retained earnings/ (accumulated losses) 保留溢利/ (累計虧損) HK\$'000 千港元	Total	Minority interests 少數 股東權益 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元
At 1 January 2009, as previously reported	於2009年1月1日 (如以往所報告)	370,074	77,756	(185,324)	262,506	21,102	283,608
Merger of Huada Electronics (Note 1)	與華大電子合併 (附註1)	358,249	(282,959)	101,279	176,569	96,124	272,693
At 1 January 2009, as restated	於2009年1月1日 (重列)	728,323	(205,203)	(84,045)	439,075	117,226	556,301
Dividends payable by Huada Electronics before acquisition	華大電子於收購前應付之 股息	-	-	(99,120)	(99,120)	(53,960)	(153,080)
Share options lapsed	已失效購股權	-	(252)	252	-	-	-
Total comprehensive income for the period	期內全面收益總額	-	(2,407)	(46,370)	(48,777)	(5,527)	(54,304)
At 30 June 2009, as restated	於2009年6月30日 (重列)	728,323	(207,862)	(229,283)	291,178	57,739	348,917
At 1 January 2010	於2010年1月1日	889,171	(346,842)	(138,000)	404,329	-	404,329
Total comprehensive income for the period	期內全面收益總額	-	2,017	26,498	28,515	-	28,515
At 30 June 2010	於2010年6月30日	889,171	(344,825)	(111,502)	432,844	-	432,844

**CONDENSED CONSOLIDATED INTERIM
CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期現金流量表

截至2010年6月30日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Net cash used in operating activities	經營活動所用之現金淨額	(56,792)	(23,352)
Net cash used in investing activities	投資活動所用之現金淨額	(7,635)	(7,279)
Net cash generated from financing activities	融資活動所產生之現金淨額	–	10,094
Effect on foreign exchange rate changes	匯率變動之影響	1,298	274
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(63,129)	(20,263)
Cash and cash equivalents at 1 January	於1月1日之現金及現金等價物	397,420	560,164
Cash and cash equivalents at 30 June	於6月30日之現金及現金等價物	334,291	539,901
Analysis of balances of cash and cash equivalents:	現金及現金等價物之結餘分析：		
Cash and bank balances	現金及銀行結餘	334,291	539,901

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1 Basis of preparation

The condensed consolidated interim financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 sale 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 Integrated Circuit Design Corp., Ltd. ("China Huada") which in turn is owned as to 50% by each of China Electronics Corporation Limited ("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 condensed consolidated interim financial information of the Company for the six months ended 30 June 2009, as if the acquisition had occurred at the previous balance sheet dates presented. Comparative figures at 30 June 2009 and for the six months period then ended have been restated on such basis.

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

1 編製基準

簡明綜合中期財務資料乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16所載之適用披露規定及香港會計師公會頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」之規定而編製。

本簡明綜合中期財務資料應連同本集團根據香港財務報告準則（「香港財務報告準則」）編製之截至2009年12月31日止年度之年度財務報表一併閱讀。

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信息產業集團有限公司（「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6月30日止六個月之簡明綜合中期財務資料，猶如收購事項已於先前呈列之資產負債表日已發生。於2009年6月30日及截至該日止六個月期間之比較數字已按此基準重列。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

1 Basis of preparation (continued)

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. 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 sale 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 Group are the design, research and development and sale of integrated circuits.

The effects arising from the common control combination and the disposal of Sang Fei (BVI) and its subsidiaries on the condensed consolidated interim income statement and the condensed consolidated interim cash flow statement for the six months ended 30 June 2009 are summarised as follows:

1 編製基準 (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。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，本集團的主要業務是集成電路之設計、研發及銷售。

以下概述共同控制合併及出售桑菲(BVI)及其附屬公司對於截至2009年6月30日止六個月之簡明綜合中期收益表及簡明綜合中期現金流量表之影響：

		Amount previously reported 以往報告上之 金額 HK\$'000 千港元	Merger of Huada Electronics 與華大電子 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 重列 HK\$'000 千港元
(i) The condensed consolidated interim income statement for the six months ended 30 June 2009:	(ii) 截至2009年6月30日止六個月之簡明綜合中期收益表：				
Continuing operations:	持續經營之業務：				
Revenue	收入	877,883	267,506	(877,883)	267,506
Profit for the period from continuing operations	持續經營之業務之期內溢利	(96,096)	44,207	91,320	39,431
Discontinued operation:	已終止經營之業務：				
Loss for the period from discontinued operation (Note 8)	已終止經營之業務之期內虧損 (附註8)	-	-	(91,320)	(91,320)
Loss for the period	期內虧損	(96,096)	44,207	-	(51,889)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

1 Basis of preparation (continued)

(ii) The condensed consolidated interim cash flow statement for the six months ended 30 June 2009:

Net cash (used in)/generated from operating activities
Net cash used in investing activities
Net cash (used in)/generated from financing activities

(ii) 截至2009年6月30日止六個月之簡明綜合中期現金流量表：

經營活動(所用)/產生之現金淨額
投資活動所用之現金淨額
融資活動(所用)/產生之現金淨額

1 編製基準(續)

Amount previously reported 以往報告上之金額 HK\$'000 千港元	Merger of Huada Electronics 與華大電子合併 HK\$'000 千港元 (1)	Restated 重列 HK\$'000 千港元
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11,720	(35,072)	(23,352)
(6,549)	(730)	(7,279)
87,145	(77,051)	10,094

(1) The financial information of Huada Electronics for the six months ended 30 June 2009 are included using the principles of merger accounting as prescribed in HKAG 5 as stated above.

(2) The revenue and loss related to the operating result of Sang Fei (BVI) and its subsidiaries for the six months ended 30 June 2009 are presented under "loss from discontinued operation" as required by HKFRS 5.

(1) 華大電子截至2009年6月30日止六個月之財務資料，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2009年6月30日止六個月經營業績相關之收入及虧損，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。

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2 Principal accounting policies

Except as described below, the accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2009. In 2010, the Group has adopted the following new standards and amendments to existing standards below, which are relevant to its operations and effective for the accounting period beginning on 1 January 2010. Adoption of such standards did not have any significant effect on results or financial position of the Group for the current period.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Annual Improvements Project	Improvements to HKFRSs 2009

Other than the early adoption of HKAS 24 (Revised) "Related Party Transactions" which is effective from 1 January 2011, the Group did not early adopt any of the new or revised standards, amendments to standards and interpretations to existing standards that have been issued by the Hong Kong Institute of Certified Public Accountants but are not yet effective. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

2 主要會計政策

除以下所述外，編製簡明綜合中期財務資料所採用的會計政策與編製本集團截至2009年12月31日止年度之年度財務報表所用者一致。在2010年，本集團已採納下列與其業務有關及於2010年1月1日起之會計期間生效之新訂準則及經修訂的現有準則。採納該等準則不會對本集團於本期間之業績或財務狀況構成重大影響。

香港會計準則第27號(修訂)	合併財務報表和獨立財務報表
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
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
香港財務報告準則第3號(修訂)	企業合併
年度改進項目	香港財務報告準則之改進2009

除提前採納於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」]外，本集團並無提前採納香港會計師公會已頒佈但尚未生效之任何新訂或經修訂準則、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。

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3 Revenue and segment information

(a) Revenue

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Integrated circuits products	集成電路產品	262,998	267,506
Discontinued operation	已終止經營之業務		
"Philips" mobile handsets	Philips品牌移動電話	-	455,317
Own-branded and other ODM/EMS mobile handsets	自有品牌及其他ODM/EMS移動電話	-	209,682
Multi-media players	多媒體播放機	-	212,884
		-	877,883

(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 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。

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3 Revenue and segment information (continued)

(b) Operating segments (continued)

As the discontinued operation has been disposed in December 2009, segment results and reconciliation to loss from discontinued operation are only presented for the six months ended 30 June 2009 and as follows:

3 收入及分部資料 (續)

(b) 營運分部 (續)

由於已終止經營之業務已於2009年12月出售，現僅呈列截至2009年6月30日止六個月已終止經營之業務之分部業績與虧損之對賬如下：

		Unaudited 未經審核			
		“Philips” mobile handsets	Own-branded and other ODM/EMS mobile handsets 自有品牌及 其他ODM/EMS 移動電話	Multi-media players 多媒體播放機	Total 合計
		Six months ended 30 June 2009 截至2009年 6月30日 止六個月	Six months ended 30 June 2009 截至2009年 6月30日 止六個月	Six months ended 30 June 2009 截至2009年 6月30日 止六個月	Six months ended 30 June 2009 截至2009年 6月30日 止六個月
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Revenue	收入	455,317	209,682	212,884	877,883
Segment results	分部業績	(761)	(9,337)	5,636	(4,462)
Other losses – net	其他虧損 – 淨額				(8,574)
Unallocated costs	未分配成本				(67,068)
Operating loss	經營虧損				(80,104)
Finance costs – net	融資成本 – 淨額				(11,216)
Loss before income tax	除所得稅前虧損				(91,320)
Income tax credit	所得稅抵免				–
Loss for the period	期內虧損				(91,320)
Attributable to:	歸屬於：				
– Shareholders of the Company	– 本公司股東				(70,218)
– Minority interests	– 少數股東				(21,102)
					(91,320)

All segment revenues were from external customers and there was no inter-segment sales during the six months ended 30 June 2009. Unallocated costs consist primarily of selling and marketing costs and administrative expenses, which contribute to all operating segments.

所有分部收入乃來自銷售予外界客戶，2009年6月30日止六個月期內並無分部之間銷售。未分配成本主要包括所有營運分部涉及的銷售及市場推廣成本和行政開支。

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3 Revenue and segment information (continued)

(b) Operating segments (continued)

The revenues by location are as follows:

		Unaudited 未經審核 Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Mainland China	中國大陸	262,998	267,506
Discontinued operation	已終止經營之業務		
Mainland China	中國大陸	–	331,774
Hong Kong	香港	–	308,526
Europe	歐洲	–	170,726
Asia excluding Mainland China and Hong Kong	亞洲(不包括中國大陸及香港)	–	46,787
North America	北美洲	–	20,070
		–	877,883

Total non-current assets by location are as follows:

按地區分類之非流動資產總額如下：

		30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
Mainland China	中國大陸	32,351	29,112
Hong Kong	香港	134	218
		32,485	29,330
Deferred taxation assets	遞延稅項資產	14,013	12,921
Total non-current assets per consolidated balance sheets	於綜合資產負債表之非流動資產總額	46,498	42,251

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4 Other gains – net

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Government grants	政府補助	8,954	13,327
Share of profit of the associate	分佔聯營公司溢利	7	144
Others	其他	19	(25)
		8,980	13,446

5 Finance income – net

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Interest income on short term deposits	短期存款利息收入	1,150	1,928
Interest on bank loans	銀行貸款利息	(621)	(1,271)
		529	657

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6 Profit before taxation

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

6 除稅前溢利

本集團之除稅前溢利已扣除：

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Depreciation of property, plant and equipment (Note 11)	物業、廠房及設備折舊 (附註11)	3,882	3,069
Amortisation of intangible assets (Note 11)	無形資產攤銷 (附註11)	2,033	644
Written down of inventories to net realisable value	撇減存貨至可變現淨值	514	1,663
Impairment provision for receivables	應收款項之減值撥備	904	—
Auditor's remuneration	核數師酬金	344	400
Operating lease expenses on property and equipment	物業及設備之經營租賃支出	3,838	2,091

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7 Income tax expense

7 所得稅開支

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Current taxation	本期間稅項		
– PRC enterprise income tax	– 中國企業所得稅	4,852	7,640
Deferred taxation	遞延稅項	(966)	405
		3,886	8,045

- (a) No provision for profits tax in Bermuda and Hong Kong has been made as the Group has no assessable profit in these jurisdictions for the six months ended 30 June 2010 (2009: 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) 由於本集團於截至2010年6月30日止六個月於百慕達及香港並無應課稅溢利，因此並無就該等司法權區之利得稅作出撥備（2009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中國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。

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8 Discontinued operation

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. Sang Fei (BVI)'s principal asset is the holding of 65% equity interest in Sang Fei. Sang Fei engages in the manufacturing and sale of mobile handsets and other portable electronics products. The disposal was completed on 29 December 2009.

The operating loss of Sang Fei (BVI) and its subsidiaries for the six months ended 30 June 2009 amounted to HK\$91,320,000 has been included in the loss from discontinued operation of the Group for the six months ended 30 June 2009. Note 3 sets out details of the operating results of the discontinued operation for the six months ended 30 June 2009.

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8 已終止經營之業務

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。桑菲(BVI)之主要資產為持有桑菲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。

截至2009年6月30日止六個月之桑菲(BVI)及其附屬公司之經營虧損91,320,000港元已計入本集團截至2009年6月30日止六個月之已終止經營之業務之虧損內。附註3載列有關截至2009年6月30日止六個月之已終止經營之業務之經營業績詳情。

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9 Earnings/(Loss) per share

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

9 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：

		Unaudited 未經審核 Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Continuing operations	持續經營之業務		
Profit for the period from continuing operations attributable to shareholders of the Company	本公司股東應佔持續經營之業務之期內溢利	26,498	23,848
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	1,691,560,000	1,477,240,000
Basic/diluted earnings per share (HK cents)	每股基本/攤薄盈利(港仙)	1.57	1.61
Discontinued operation	已終止經營之業務		
(Loss) for the period 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期內(虧損)	-	(70,218)
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) per share	用以計算每股基本及攤薄(虧損)之普通股加權平均數目	1,691,560,000	1,477,240,000
Basic/diluted (loss) per share (HK cents)	每股基本/攤薄(虧損)(港仙)	-	(4.75)
Continuing and discontinued operations	持續經營及已終止經營之業務		
Profit/(loss) for the period attributable to shareholders of the Company	本公司股東應佔之期內溢利/(虧損)	26,498	(46,370)
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	1,691,560,000	1,477,240,000
Basic/diluted earnings/(loss) per share (HK cents)	每股基本/攤薄盈利/(虧損)(港仙)	1.57	(3.14)

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9 Earnings/(Loss) per share (continued)

- (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 1).
- (b) 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 for the six months ended 30 June 2010 and for the six months ended 30 June 2009 are the same.

10 Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

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9 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1）。
- (b) 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，截至2010年6月30日止六個月及2009年6月30日止六個月之每股基本及攤薄盈利／(虧損)均相同。

10 股息

董事會不建議派付截至2010年6月30日止六個月之中期股息（2009：無）。

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11 Property, plant and equipment and intangible assets

11 物業、廠房及設備和無形資產

		Property, plant and equipment 物業、廠房 及設備 (Unaudited) (未經審核) HK\$'000 千港元	Intangible assets 無形資產 (Unaudited) (未經審核) HK\$'000 千港元	Total 合計 (Unaudited) (未經審核) HK\$'000 千港元
Opening net book amount at 1 January 2009, as restated	於2009年1月1日 之期初賬面淨值(重列)	68,080	18,495	86,575
Exchange differences	匯兌差額	50	13	63
Additions	添置	8,842	1,004	9,846
Disposals	出售	(70)	-	(70)
Depreciation/amortisation charge	折舊/攤銷開支	(15,259)	(3,967)	(19,226)
Closing net book amount at 30 June 2009, as restated	於2009年6月30日 之期末賬面淨值(重列)	61,643	15,545	77,188
Opening net book amount at 1 January 2010	於2010年1月1日 之期初賬面淨值	22,334	3,984	26,318
Exchange differences	匯兌差額	198	58	256
Additions	添置	3,069	5,716	8,785
Depreciation/amortisation charge	折舊/攤銷開支	(3,882)	(2,033)	(5,915)
Closing net book amount at 30 June 2010	於2010年6月30日 之期末賬面淨值	21,719	7,725	29,444

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12 Trade and other receivables

The majority of the Group's sales are with credit terms of 30 to 135 days. Included in trade and other receivables are trade receivables of HK\$267,971,000 (31 December 2009: HK\$198,158,000) and their ageing analysis is as follows:

		30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
Current to 30 days	30日內	191,275	116,021
31-60 days	31日至60日	38,826	21,422
Over 60 days and within 1 year	60日以上及1年內	33,998	54,614
Over 1 year	1年以上	3,872	6,101
		267,971	198,158

12 貿易及其他應收款項

本集團之銷售大部份之信貸期為30日至135日。貿易及其他應收款項包括貿易應收款項267,971,000港元(2009年12月31日:198,158,000港元)，其賬齡分析如下：

13 Issued equity

1,691,560,000 ordinary shares of HK\$0.01 each

1,691,560,000股
每股面值0.01港元之普通股

13 已發行權益

	30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
	889,171	889,171

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

14 Other reserves

14 其他儲備

		Capital reserve	Surplus reserve	Share option reserve	Translation reserve	Merger reserve	Other reserve	Total
		資本儲備	盈餘儲備	購股權儲備	匯兌儲備	合併儲備	其他儲備	合計
		HK\$'000	HK\$'000	(Note (a)) (附註(a))		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
At 1 January 2009, as previously reported	於2009年1月1日 (如以往所報告)	(1,806)	33,325	7,141	39,096	-	-	77,756
Merger of Huada Electronics (Note 1)	與華大電子合併 (附註1)	930	16,309	-	27,407	(327,605)	-	(282,959)
At 1 January 2009, as restated	於2009年1月1日(重列)	(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 (Audited)	於2009年12月31日 (經審核)	930	16,309	3,046	29,608	(327,605)	(69,130)	(346,842)
At 1 January 2010	於2010年1月1日	930	16,309	3,046	29,608	(327,605)	(69,130)	(346,842)
Currency translation differences	貨幣換算差額	-	-	-	2,017	-	-	2,017
At 30 June 2010 (Unaudited)	於2010年6月30日 (未經審核)	930	16,309	3,046	31,625	(327,605)	(69,130)	(344,825)

(a) Share option reserve

For 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 earning. During the six months ended 30 June 2010, no options was lapsed.

(a) 購股權儲備

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。於截至2010年6月30日止六個月，並無任何購股權失效。

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簡明綜合中期財務資料附註

截至2010年6月30日止六個月

15 Trade and other payables

Included in trade and other payables are trade payables of HK\$200,462,000 (31 December 2009: HK\$122,834,000) and their ageing analysis is as follows:

		30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
Current to 30 days	30日內	63,858	63,251
31-60 days	31日至60日	63,027	8,473
Over 60 days	60日以上	73,577	51,110
		200,462	122,834

15 貿易及其他應付款項

貿易及其他應付款項包括貿易應付款項200,462,000港元(2009年12月31日: 122,834,000港元),其賬齡分析如下:

16 Operating lease commitments

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
Not later than one year	1年內	7,812	7,598
In the second to fifth year	第2年至第5年內	7,541	9,847
		15,353	17,445

16 經營租賃承擔

於結算日,根據不可解除之經營租賃須於如下期間支付之最低租賃款項總額:

17 Contingent liabilities

The Group did not have any material contingent liabilities at 30 June 2010 (31 December 2009: nil).

17 或然負債

於2010年6月30日,本集團並無任何未償還之重大或然負債(2009年12月31日:無)。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

18 Related party transactions and balances

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

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

18 關連人士交易及結餘

除於本簡明綜合中期財務資料其他部份已披露的交易及結餘外，於期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

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009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	33,206	28,024
Purchases of goods and services	採購貨品及服務	148,752	131,379
Interest received	收取利息	10	23
Rental paid	支付租金	-	883
(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	-	85,472
Purchases of raw materials	採購原材料	-	24,068
Processing services received	接受加工服務	-	1,698
Canteen services received	接受食堂服務	-	4,653
After sales and maintenance services received	接受售後維修服務	-	2,120
Rental paid	支付租金	-	5,811
Comprehensive services received	接受全面服務	-	10,372

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

18 Related party transactions and balances (continued)

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

Trade receivables	貿易應收款項
Other receivables	其他應收款項
Deposits	存款
Trade payables	貿易應付款項
Other payables	其他應付款項

At 30 June 2010, deposits with companies under common control of CEC yielded interest at prevailing deposit interest rates, other balances with related parties were unsecured and non-interest bearing.

18 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

30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
33,955	40,136
–	5,000
1,531	–
175,525	113,148
44,926	44,512

於2010年6月30日，存款於受中國電子集團共同控制之公司按現行存款利率收取利息，其他與關連人士結餘為無抵押及免息。

(c) Transactions and balance with an associate

Sales of products	銷售產品
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Trade receivables	貿易應收款項
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(c) 與聯營公司之交易及結餘

Unaudited
未經審核
Six months ended 30 June
截至6月30日止六個月

2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
12,684	966

30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
15,030	10,498

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

FOR THE SIX MONTHS ENDED 30 JUNE 2010

簡明綜合中期財務資料附註

截至2010年6月30日止六個月

18 Related party transactions and balances (continued)

(d) Transactions and balance with a company that the Group has significant influence

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元 (Restated) (重列)
Sales of products	銷售產品	26,088	869
		30 June 2010 2010年6月30日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2009 2009年12月31日 (Audited) (經審核) HK\$'000 千港元
Trade receivables	貿易應收款項	30,701	8,106

18 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

(e) Key management compensation

(e) 主要管理人員酬金

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2010 2010年 HK\$'000 千港元	2009 2009年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,625	1,686
Contributions to retirement schemes	退休計劃供款	42	42
		1,667	1,728



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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

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

Introduction

We have reviewed the interim financial information set out on pages 4 to 28, which comprises the condensed consolidated balance sheet of China Electronics Corporation Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

中期財務資料審閱報告

致中國電子集團控股有限公司董事會

(於開曼群島註冊成立及於百慕達繼續經營之有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第4至28頁的中期財務資料,此中期財務資料包括中國電子集團控股有限公司(「貴公司」)及其子公司(合稱「貴集團」)於2010年6月30日的簡明綜合資產負債表與截至該日止六個月期間的相關簡明綜合收益表、全面收益表、權益變動表和現金流量表,以及主要會計政策概要及其他附註解釋。香港聯合交易所有限公司主板證券上市規則規定,就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及公平地列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論,並按照委聘之條款僅向整體董事會報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2010

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所
執業會計師

香港，2010年8月27日

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period, the Group's continuing operations comprised the design, research and development and sale of integrated circuits. The Group discontinued its manufacturing and sale of mobile handsets and other portable electronics products business in December 2009. 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 smart cards such as identity cards, social security cards, telecommunications cards and electronic payment cards. Our products are also applied in wireless local area networks ("WLAN") and application specific integrated circuits. For the six months ended 30 June 2010, the Group has obtained 9 patents, owned 4 computer software copyrights and registered 3 integrated circuits layout designs.

During the period, the Group's revenue from continuing operations was HK\$263.0 million, only 1.7% slightly lower than that of the corresponding period of last year. Although sales of chips for identity cards continued to drop for the six months ended 30 June 2010, such drop was offset by the growth in the sales of other smart card chips such as social security card chips and electronic payment card chips, mainly as a result of the Group being able to maintain its original market share in the identity card chips market while successfully diversified its business, extended its product application area and expanded into the smart card chips market for social security cards, telecommunications cards and electronic payment cards. For the six months ended 30 June 2010, sales of identity card chips dropped by 69.9% to HK\$43.7 million, sales of social security card chips increased by 80.6% to HK\$65.5 million, sales of fuel card chips increased by 207.1% to HK\$32.9 million and sales of public utility card chips increased by 393.7% to HK\$30.0 million. Despite fierce market competition during the period which resulted in a drop in product price, overall gross profit margin was maintained at 34.8%, which was in line with the corresponding period of last year, through effective control of the Group's cost of sales. Owing to the change of product mix and increase in market promotion expenses, selling and marketing costs for the period were HK\$15.9 million, representing an increase of 1.6 times when comparing with the corresponding period of last year.

管理層討論及分析

業務回顧

本集團於期內之持續經營之業務是集成電路之設計、研發及銷售。於2009年12月，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集成電路之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、移動通信卡及電子支付卡等智能卡應用領域，同時還有無線局域網絡（[WLAN]）和特殊用途集成電路應用。截至2010年6月30日止六個月，本集團已獲授權專利9項、電腦軟件著作權登記4項及集成電路版圖設計登記3項。

本集團於期內持續經營之業務之收入為263.0百萬港元，僅略低於去年同期1.7%。雖然身份證卡芯片銷售於截至2010年6月30日止六個月繼續出現下滑，集團一方面保持原有身份證卡芯片市場份額，一方面成功開展業務多元化，拓展產品應用領域，擴大社會保障卡芯片、移動通信卡芯片及電子支付卡芯片等智能卡芯片市場，期內社會保障卡芯片及電子支付卡芯片等智能卡芯片銷售的增長得以抵銷身份證卡芯片銷售的下降。截至2010年6月30日止六個月身份證卡芯片銷售減少69.9%至43.7百萬港元，社會保障卡芯片的銷售實現增長80.6%至65.5百萬港元，加油卡芯片的銷售實現增長207.1%至32.9百萬港元，而公用事業卡芯片的銷售實現增長393.7%至30.0百萬港元。期內儘管市場競爭激烈，產品價格有所下調，但由於集團銷售成本控制得宜，整體毛利率仍維持34.8%，與去年同期相若。受產品結構變化及市場推廣費用增加，期內銷售及市場推廣成本為15.9百萬港元，較去年同期上升1.6倍。

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review *(continued)*

Administrative expenses increased by 2.9% to HK\$54.7 million for the six months ended 30 June 2010. This is mainly attributable to the increase in daily running cost of the new office while other administrative expenses were effectively controlled. Research and development costs were HK\$35.7 million in 2010 (2009: HK\$35.5 million), which represented 13.6% of the revenue for the six months ended 30 June 2010 (2009: 13.3%). Research and development during the period was primarily focused on the more advanced smart card and WLAN chips products.

Government grant received decreased by 32.8% to HK\$9.0 million for the six months ended 30 June 2010 resulted from less government subsidies for research and development costs incurred in the period.

For the six months ended 30 June 2010, the profit attributable to shareholders of the Company was HK\$26.5 million (2009: loss of HK\$46.4 million), and the basic earnings per share was HK1.57 cents (2009: loss per share of HK3.14 cents).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

管理層討論及分析

業務回顧 (續)

截至2010年6月30日止六個月行政開支上升2.9%至54.7百萬港元。上升之主因為新辦公室之日常營運費用增加，而其他行政開支仍控制得宜。2010年之研究及開發費用為35.7百萬港元(2009年：35.5百萬港元)，佔截至2010年6月30日止六個月收入之13.6%(2009年：13.3%)。期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。

由於本集團就截至2010年6月30日止六個月發生研究及開發費用獲得之政府補助減少，期內之政府補助下降32.8%至9.0百萬港元。

截至2010年6月30日止六個月，本公司股東應佔溢利為26.5百萬港元(2009年：虧損46.4百萬港元)，而每股基本盈利為1.57港仙(2009年：每股虧損3.14港仙)。

董事會不建議派付截至2010年6月30日止六個月之中期股息(2009年：無)。

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

The world economy is in the slow recovery stage and the market still faces many uncertainties. The PRC market which the Group services is facing a very complicated situation, and there are many uncertainties in the market and macro environment. However, the Group believes that the changing business environment will bring the Group with new development opportunities. Given our unique market position, we believe that the market of the Group's products still has huge potential for development in this period which is full of competition and challenges.

Looking forward, the Group will continue to improve design standards of its integrated circuits products, strengthen fund management and cost control, continuously enhance productivity and efficiency, and expand market share at the same time. The Group will also leverage on its core strengths and competitive edges to adapt quickly and effectively to the changing market environment. In addition, the Group will actively seek new business cooperation for related business areas while consolidating its strength in the integrated circuits market. The management is confident that the Group will further capitalise on the growth of the PRC integrated circuits market and is entering a new era of achievement and growth.

Financial Review

The Group finances its operations primarily by internal resources and short term bank loans. At 30 June 2010, the Group had cash and cash equivalent amounted to HK\$334.3 million, 59.9% of which was denominated in Renminbi, 37.1% in Hong Kong dollars and 3.0% in United States dollars (31 December 2009: 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).

管理層討論及分析

展望

在世界經濟處於緩慢復甦階段，市場仍面臨許多不確定因素。本集團所服務的中國市場面臨的形勢亦十分複雜，市場及宏觀環境存在很多不明朗的因素。然而，瞬息萬變的經營環境將為本集團帶來更多新的發展機遇，憑藉獨特的市場定位，我們深信在這充滿競爭和挑戰的時期，本集團產品的市場規模仍有着很大的發展空間。

展望未來，本集團將繼續提升集成電路產品的設計水平，同時強化資金管理和成本控制，不斷提升生產能力及效率，以擴大市場份額。本集團將發揮其核心優勢和競爭力，迅速及有效地適應不斷變化的市場環境。此外，在鞏固目前集成電路市場優勢的同時，積極尋求相關業務合作領域的新佈局。管理層有信心本集團將進一步抓緊中國集成電路市場之增長機遇並在未來取得更大的成就和業績增長。

財務回顧

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2010年6月30日，本集團持有現金及現金等價物334.3百萬港元，分別有59.9%以人民幣、37.1%以港元及3.0%以美元持有（2009年12月31日：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）。

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review (continued)

At 30 June 2010, the Group had unsecured short term bank loans of HK\$22.9 million, which were denominated in Renminbi (31 December 2009: HK\$22.7 million, which were denominated in Renminbi). The bank loans were borrowed at contracted fixed interest rate. At 30 June 2010, committed banking facilities available to the Group but not drawn amounted to HK\$45.9 million. At 30 June 2010, the Group did not have any pledged assets or guarantee (31 December 2009: nil). 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 30 June 2010, the Group had net current assets of HK\$386.3 million (31 December 2009: HK\$362.1 million). The overall gearing ratio, which is calculated as the total liabilities over total assets of the Group, was 47.4% (31 December 2009: 44.8%).

At 30 June 2010, the Group did not have any contracted but not provided for capital commitments (31 December 2009: nil) for the acquisition of fixed assets and intangible assets. The Group did not have any material contingent liabilities at 30 June 2010 (31 December 2009: nil).

管理層討論及分析

財務回顧 (續)

於2010年6月30日，本集團的無抵押短期銀行貸款為22.9百萬港元乃以人民幣計值（2009年12月31日：22.7百萬港元，以人民幣計值）。銀行貸款按已訂約的固定利率借貸。於2010年6月30日，本集團尚未動用之銀行借貸備用額為45.9百萬港元。於2010年6月30日，本集團並無任何資產抵押或擔保（2009年12月31日：無）。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2010年6月30日，本集團流動資產淨值為386.3百萬港元（2009年12月31日：362.1百萬港元）。整體資本負債比率（以本集團的總負債除以總資產計算）為47.4%（2009年12月31日：44.8%）。

於2010年6月30日，本集團並無任何就購買固定資產及無形資產的已訂約但未撥備資本承擔（2009年12月31日：無）。於2010年6月30日，本集團並無任何重大或然負債（2009年12月31日：無）。

MANAGEMENT DISCUSSION AND ANALYSIS

Employee and Remuneration Policies

At 30 June 2010, the Group had approximately 280 employees, the majority of whom were based in China. Employee benefit expenses during the period were HK\$58.0 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.

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

Certain directors of the Company personally hold options to subscribe for ordinary shares of the Company. Details of such options are disclosed under the paragraph "Share Option Scheme" below. Apart from those disclosed therein, at 30 June 2010, 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 Securities and Futures Ordinance (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 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

管理層討論及分析

僱員及薪酬政策

於2010年6月30日，本集團僱用約280名僱員，大部份於中國內地工作。期內的僱員福利開支為58.0百萬港元。

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。

其他資料

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

本公司若干董事個人持有購股權，可認購本公司普通股。該等購股權的詳情於下文「購股權計劃」一段披露。除下文所披露者外，於2010年6月30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（「證券及期貨條例」）第XV部）的股份、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條備存之登記冊內的權益或淡倉，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或淡倉。

OTHER INFORMATION

Share Option Scheme

During the six months ended 30 June 2010, no share option has been granted under the share option scheme adopted by the Company pursuant to an ordinary resolution passed on 20 June 2002 (the "Share Option Scheme").

At 30 June 2010, the directors and the chief executive of the Company, 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:

Category of participants	參與者類別	Options outstanding at 1/1/2010 於2010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 30/6/2010 於2010年6月30日 尚未行使之購股權
Directors	董事			
Tong Baoan*	佟保安*	1,140,000	—	1,140,000
Fan Qingwu (<i>Managing Director</i>)	范卿午 (<i>董事總經理</i>)	1,080,000	—	1,080,000
Hua Longxing*	華龍興*	1,080,000	—	1,080,000
Sub-total	小計	3,300,000	—	3,300,000
Employees and other participants	僱員及其他參與者	1,050,000	—	1,050,000
Total	總計	4,350,000	—	4,350,000

* Resigned on 19 July 2010

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 six months ended 30 June 2010.

其他資料

購股權計劃

於截至2010年6月30日止六個月內，本公司並無根據於2002年6月20日通過的普通決議案採納的購股權計劃（「購股權計劃」）授出購股權。

於2010年6月30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持有以下個人權益：

* 於2010年7月19日辭任

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。

於截至2010年6月30日止六個月內，根據購股權計劃授出之購股權並無獲行使或被註銷。

OTHER INFORMATION

Directors' Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2010 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.

Substantial Shareholders

At 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following entities had notified the Company that they had an interest of 5% or more in the issued share capital of the Company:

其他資料

董事購買股份或債券之權利

除上文披露者外，於截至2010年6月30日止六個月內，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）可藉着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。

主要股東

於2010年6月30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，下列實體已知會本公司彼等持有本公司已發行股本5%或以上之權益：

Name of interested party	持有權益者名稱	Number of shares interested	Percentage of shareholding
		持有股份數目	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 Integrated Circuit Design Corp., Ltd. ("China Huada")	中國華大集成電路設計集團有限公司 (「中國華大」)	393,680,000	23.27%
China Electronics Corporation Limited ("CEC") (Notes 1 and 2)	中國電子信息產業集團有限公司 (「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%

OTHER INFORMATION

Substantial Shareholders (continued)

Notes:

- (1) 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.
- (2) CEC holds 100% interest in CEC (BVI) and is deemed to be interested in the shares of the Company held by CEC (BVI).

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

Save as disclosed above, at 30 June 2010, 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.

其他資料

主要股東 (續)

附註：

- (1) 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。
- (2) 中國電子集團持有CEC (BVI)之100%權益，因此被視為持有由CEC (BVI)持有之本公司股份之權益。

所有上述所披露之權益均為本公司股份之好倉。

除上文披露者外，於2010年6月30日，本公司並未獲知會有任何其他人士持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。

OTHER INFORMATION

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 six months ended 30 June 2010.

Corporate Governance Practices

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010.

The Model Code for Securities Transactions by Directors

The Company has adopted the Model Code 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 six months ended 30 June 2010.

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 audit committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's internal controls and financial reporting matters with management. The audit committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2010.

其他資料

購回、出售或贖回證券

於截至2010年6月30日止六個月內，本公司或其任何附屬公司並無購回或出售任何本公司股份，且本公司亦無贖回其任何股份。

企業管治常規

於截至2010年6月30日止六個月內，本公司已應用上市規則附錄14所載之企業管治常規守則之原則，並遵循企業管治常規守則之所有適用守則條文。

董事進行證券交易的標準守則

本公司已採納標準守則，以規管董事進行證券交易。經本公司作出具體查詢後，所有董事均已確認，於截至2010年6月30日止六個月內，彼等均已全面遵守標準守則。

審核委員會

審核委員會由三位獨立非執行董事，分別為陳祺昌先生、黃保欣先生及尹永利先生組成。審核委員會已審閱本集團所採納之會計原則及政策，並與管理層討論本集團內部監控及財務申報事項。審核委員會已審閱本集團截至2010年6月30日止六個月之未經審核簡明綜合中期財務資料。

Directors' Particulars

Changes in particulars of the directors of the Company are set out as follows:

Mr. Chan Kay Cheung ceased to be an advisory committee member on the Quality Migrant Admission Scheme of the Hong Kong Immigration Department in July 2010.

By Order of the Board

Xiong Qunli

Chairman

Hong Kong, 27 August 2010

董事資料

本公司董事資料更改列述如下：

陳棋昌先生已於2010年7月退任香港入境事務處優秀人才入境計劃諮詢委員會委員。

承董事會命

主席

熊群力

香港，2010年8月27日



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