Tech Pro Technology Development Limited

德 普 科 技 發 展 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock code : 03823

2013

INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

Directors

Executive directors

Mr. Li Wing Sang *(Chairman of the board)*
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive directors

Mr. Tam Tak Wah
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Audit committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Remuneration committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Nomination committee

Mr. Li Wing Sang *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Authorised representatives

Mr. Liu Xinsheng
Mr. Ng Chi Ho Dennis (resigned on 1 August 2013)
Ms. Lee On Wing (appointed on 1 August 2013)

Company secretary

Mr. Ng Chi Ho Dennis (resigned on 1 August 2013)
Ms. Lee On Wing (appointed on 1 August 2013)

Auditor

Crowe Horwath (HK) CPA Limited

Principal banker

The Hong Kong and Shanghai Banking Corporation Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal share registrar and transfer office

HSBC Trustee (Cayman) Limited
P.O. Box 484, HSBC House
68 West Bay Road, Grand Cayman
KY1-1106
Cayman Islands

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Principal place of business

Unit 1402, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company website

http://www.techprotd.com

Stock code

03823

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited & restated)
Continuing operations			
Turnover	5	**115,265**	101,195
Cost of sales		**(90,015)**	(65,419)
Gross profit		**25,250**	35,776
Other revenue and income	6	**2,704**	2,429
Distribution costs		**(3,989)**	(2,643)
Administrative expenses		**(15,311)**	(16,042)
Amortisation of other intangible assets		**(35,661)**	(35,661)
Fair value gain on embedded derivatives of convertible notes		**–**	5,407
Fair value loss on embedded derivatives of unlisted bonds		**(477)**	–
Loss on early redemption of promissory notes		**(1,875)**	(6,041)
Finance costs	7	**(4,939)**	(12,979)
Loss before taxation	8	**(34,298)**	(29,754)
Income tax credit	9	**3,196**	2,675
Loss for the period from continuing operations		**(31,102)**	(27,079)
Discontinued operations			
Loss for the period from discontinued operations	10	**(6,808)**	(30,949)
Loss for the period		**(37,910)**	(58,028)
Loss attributable to:			
Owners of the Company		**(32,366)**	(55,753)
Non-controlling interests		**(5,544)**	(2,275)
		(37,910)	(58,028)
Loss attributable to owners of the Company arises from:			
Continuing operations		**(25,558)**	(24,804)
Discontinued operations		**(6,808)**	(30,949)
		(32,366)	(55,753)
Loss per share (RMB)	11		
From continuing operations and discontinued operations			
Basic and diluted		**(3.00 cents)**	(5.34 cents)
From continuing operations			
Basic and diluted		**(2.37 cents)**	(2.38 cents)
From discontinued operations			
Basic and diluted		**(0.63 cents)**	(2.96 cents)

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Loss for the period	**(37,910)**	(58,028)
Other comprehensive income for the period		
Exchange differences on translation of financial statements of foreign operations:		
– Items that may be reclassified subsequently to profit or loss	**(1,209)**	129
– Reclassification adjustment relating to disposal of subsidiaries	**2,020**	–
Total comprehensive loss for the period (net of tax)	**(37,099)**	(57,899)
Attributable to:		
Owners of the Company	**(30,847)**	(55,624)
Non-controlling interests	**(6,252)**	(2,275)
	(37,099)	(57,899)
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	**(24,039)**	(24,675)
Discontinued operations	**(6,808)**	(30,949)
	(30,847)	(55,624)

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	**As at 30 June 2013 RMB'000 (unaudited)**	As at 31 December 2012 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**47,659**	236,690
Lease prepayments		**–**	3,676
Goodwill	14	**372,627**	372,627
Other intangible assets	15	**622,963**	658,624
		1,043,249	1,271,617
Current assets			
Inventories		**16,144**	132,665
Lease prepayments		**–**	83
Trade and bills receivables	16	**186,608**	337,891
Other receivables and prepayments		**19,589**	69,323
Restricted bank deposits		**2,951**	42,504
Cash at banks and in hand		**21,197**	65,116
		246,489	647,582
Current liabilities			
Trade and bills payables	17	**60,458**	182,672
Other payables and accruals		**18,412**	63,875
Amounts due to related companies	25(b)	**–**	42,888
Amount due to a former director	25(c)	**–**	1,178
Amount due to a director	25(d)	**578**	585
Amount due to a shareholder	25(e)	**–**	144
Bank loans		**–**	285,303
Obligations under finance leases		**206**	–
Promissory notes payable	18	**–**	15,145
Bonds payable	19	**3,235**	712
Income tax payable		**21,661**	16,451
		104,550	608,953
Net current assets		**141,939**	38,629
Total assets less current liabilities		**1,185,188**	1,310,246
Non-current liabilities			
Loan from a former director	25(f)	**–**	96,264
Obligations under finance leases		**344**	–
Bonds payable	19	**60,060**	57,631
Deferred tax liabilities	20	**157,944**	166,878
		218,348	320,773
Net assets		**966,840**	989,473

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	**As at 30 June 2013 RMB'000 (unaudited)**	As at 31 December 2012 RMB'000 (audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**9,972**	9,835
Reserves		**743,965**	733,533
		753,937	743,368
Non-controlling interests		**212,903**	246,105
Total equity		**966,840**	989,473

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company										
	Share capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Warrant reserve** RMB'000	**Other reserve** RMB'000	**Special reserve** RMB'000	**Statutory reserve** RMB'000	**Exchange reserve** RMB'000	**Retained earnings/ (accumulated loss)** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
As at 1 January 2012	9,439	653,403	6,894	526	(716)	42,783	17,330	(1,721)	(52,216)	254,096	929,818
Issue of unlisted warrants	–	–	–	5,630	–	–	–	–	–	–	5,630
Issue of new ordinary shares:											
– upon conversion of convertible notes	26	8,705	–	–	–	–	–	–	–	–	8,731
– upon exercise of unlisted warrants	211	53,460	–	(1,032)	–	–	–	–	–	–	52,639
Loss for the period	–	–	–	–	–	–	–	–	(55,753)	(2,275)	(58,028)
Exchange differences on translation of financial statements of foreign operations:											
– items that may be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	129	–	–	129
Total comprehensive loss for the period	–	–	–	–	–	–	–	129	(55,753)	(2,275)	(57,899)
As at 30 June 2012 (unaudited)	9,676	715,568	6,894	5,124	(716)	42,783	17,330	(1,592)	(107,969)	251,821	938,919
As at 1 January 2013	9,835	755,589	6,894	86,925	(716)	47,537	15,643	(3,381)	(174,958)	246,105	989,473
Issue of new ordinary shares upon exercise of unlisted warrants	137	39,382	–	(10,448)	–	–	–	–	–	–	29,071
Acquisition of additional interests in subsidiaries	–	–	–	–	12,345	–	–	–	–	(26,950)	(14,605)
Transfers upon disposal of subsidiaries	–	–	(6,894)	–	716	(47,537)	(15,643)	–	69,358	–	–
Loss for the period	–	–	–	–	–	–	–	–	(32,366)	(5,544)	(37,910)
Exchange differences on translation of financial statements of foreign operations:											
– items that may be reclassified subsequently to profit or loss	–	–	–	–	–	–	–	(501)	–	(708)	(1,209)
– reclassification adjustment relating to disposal of subsidiaries	–	–	–	–	–	–	–	2,020	–	–	2,020
Total comprehensive loss for the period	–	–	–	–	–	–	–	1,519	(32,366)	(6,252)	(37,099)
As at 30 June 2013 (unaudited)	9,972	794,971	–	76,477	12,345	–	–	(1,862)	(137,966)	212,903	966,840

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**156,474**	82,575
Net cash used in investing activities	**(24,639)**	(16,537)
Net cash used in financing activities	**(172,981)**	(35,736)
Net (decrease)/increase in cash and cash equivalents	**(41,146)**	30,302
Cash and cash equivalents as at 1 January	**65,116**	30,449
Effect of foreign exchange rate changes	**(2,773)**	928
Cash and cash equivalents as at 30 June	**21,197**	61,679

The notes on pages 9 to 34 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. General Information

Tech Pro Technology Development Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its principal place of business is located at Unit 1402, 14/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the manufacturing and sale of LED lighting products and accessories.

These unaudited condensed consolidated interim financial statements are presented in Renminbi ("**RMB**") rounded to the nearest thousand. Renminbi is the functional and presentation currency of the Group.

2. Basis of Preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 has 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 (the "**Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2012 and these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

This interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performances of the Group since the annual financial statements for the year ended 31 December 2012. The condensed consolidated interim financial statements and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with HKFRSs.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimated uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

3. Application of New and Revised Hong Kong Financial Reporting Standards

In the current period, the HKICPA has issued the following new or revised HKFRSs ("**new HKFRSs**") which are effective for the current period.

Amendments HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entitles – Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entitles
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (revised in 2011)	Employee Benefits
HKAS 27 (revised in 2011)	Separate Financial Statements
HKAS 28 (revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Maine

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. The impact of the application of these standards that is relevant to the Group is set out below:

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated interim financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

3. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The directors of the Company conclude that the application of the other new HKFRSs will have no material impact on the financial performance and the financial position of the Group.

The HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these condensed consolidated interim financial statements.

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

4. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

There have been no changes in the risk management policies since last year end.

(b) Fair values

(i) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Fair values measured using quoted prices (unadjusted) in active market for identical financial instruments.

Level 2: Fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

Level 3: Fair values measured using valuation techniques in which all significant inputs is not based on observable market data.

The following table presents the Group's liabilities that are measured at fair value as at 30 June 2013 and 31 December 2012:

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000
As at 30 June 2013 (unaudited)			
Liabilities			
Put and call option embedded in unlisted bonds (note 19)	–	–	9,781
As at 31 December 2012 (audited)			
Liabilities			
Put and call option embedded in unlisted bonds (note 19)	–	–	9,304

During the six months ended 30 June 2013 and year ended 31 December 2012, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of instruments in Level 3.

4. Financial Risk Management (Continued)

(b) Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

Information about instruments in Level 3 fair value measurement

	Put and call option embedded in unlisted bonds (unaudited)
Valuation technique	Discounted cash flows approach
Significant unobservable input	Discount rate
Range of discount rate	12.96%–14.81%

The fair value of put and call option embedded in unlisted bonds is determined using the discounted cash flows approach associated with interest rate model. The fair value measurement is negatively correlated to the discount rate. As at 30 June 2013, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would not have any significant decrease/increase the Group's loss for the six months ended 30 June 2013.

The movement in fair value measurement of Level 3 during the six months ended 30 June 2013 and year ended 31 December 2012 are as follows:

	2013 RMB'000 (unaudited)	2012 RMB'000 (audited)
Conversion option embedded in convertible notes		
As at 1 January	**–**	(61,893)
Conversion during the year	**–**	8,116
Change in fair value recognised in profit or loss	**–**	11,932
Extinguishment during the year	**–**	41,845
As at 30 June 2013	**–**	
As at 31 December 2012		–

	2013 RMB'000 (unaudited)	2012 RMB'000 (audited)
Put and call option embedded in unlisted bonds		
As at 1 January	**(9,304)**	–
At date of issue	**–**	(11,995)
Change in fair value recognised in profit or loss	**(477)**	2,691
As at 30 June 2013	**(9,781)**	
As at 31 December 2012		(9,304)

4. Financial Risk Management (Continued)

(b) Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

A valuation report with analysis of changes in fair value measurement is prepared by Peak Vision Appraisal Limited ("**Peak Vision**"), a firm of independent professional valuers at each interim and annual reporting date, and is reviewed and approved by the senior management of the Company. Discussion of the valuation process and results with the directors and audit committee is held twice a year, to coincide with the reporting dates.

(ii) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2013 and 31 December 2012.

5. Turnover and Segment Reporting

(a) Turnover and revenue

The Group is principally engaged in the manufacturing and sale of LED lighting products and accessories. Turnover represents the net invoiced value of goods sold less returns and allowances.

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited & restated)
Continuing operations		
LED lighting	**115,265**	101,195

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the senior management for the purposes of resources allocation and performance assessment, the Group has engaged in two reporting segments.

– LED lighting

– Aluminum electrolytic capacitors

The manufacturing and sale of LED lighting products and accessories segment and provision of energy efficiency services segment have been aggregated into one segment named as "LED lighting". As the reported revenue, the absolute amount of the reported profit or loss and the total assets of the provision of energy efficiency services segment have not exceeded the quantitative thresholds, no separate operating segments have been presented.

Operating segment regarding the manufacturing and sale of aluminum electrolytic capacitors was discontinued during the six months ended 30 June 2013. The segment information does not include any amounts for the discontinued operations, the details of which are described in note 10 to the condensed consolidated interim financial statements.

5. Turnover and Segment Reporting (Continued)

(b) Segment reporting (Continued)

After the discontinuance of the manufacturing and sale of aluminum electrolytic capacitors business, the senior management considers that there is only one operating segment in accordance with HKFRS 8 and reviews the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group as a whole for the six months ended 30 June 2013 for the purpose of resource allocation and performance assessment. Furthermore, the senior management does not review segment assets and liabilities. Accordingly, no segment analysis is presented.

6. Other Revenue and Income

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Continuing operations		
Other revenue		
Bank interest income	**13**	–
Rental income from property, plant and equipment	**800**	2,400
Scrap sale	**1,080**	–
Other income		
Gain on disposal of property, plant and equipment	**287**	–
Sundry income	**524**	29
	2,704	2,429

7. Finance Costs

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Continuing operations		
Effective interest on convertible notes	**–**	11,991
Effective interest on promissory notes	**454**	808
Imputed interest on promissory notes	**–**	180
Effective interest on unlisted bonds	**4,475**	–
Finance charges on obligations under finance leases	**10**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**4,939**	12,979

8. Loss Before Taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited & restated)
Continuing operations		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**10,144**	9,562
Contributions to defined contribution retirement plans	**470**	225
	10,614	9,787
Others		
Amortisation of other intangible assets	**35,661**	35,661
Auditor's remuneration		
– Audit services	**–**	–
– Non-audit services	**167**	–
Cost of inventories sold	**90,015**	65,419
Depreciation	**3,536**	2,478
Operating lease rentals in respect of land and buildings	**2,988**	2,108
Research and development expenditure	**204**	–

9. Income Tax

Income tax credit in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited & restated)
Continuing operations		
Hong Kong Profits Tax		
– Current period	**3,505**	2,211
PRC Enterprise Income Tax		
– Current period	**2,233**	4,088
Deferred tax		
– Reversal of deferred tax liabilities (note 20)	**(8,934)**	(8,974)
	(3,196)	(2,675)

9. Income Tax (Continued)

(a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(b) The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2012: 16.5%) of the estimated assessable profits for the period.

(c) Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to enterprise income tax at rate of 25% (six months ended 30 June 2012: 25%).

(d) Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate for the year ending 31 December 2013 are 16.5% and 25% for Hong Kong Profits Tax and PRC Enterprise Income Tax respectively.

10. Loss From Discontinued Operations

On 17 June 2013, the Group completed the disposal of 100% equity interests in Huawei Group Holdings Limited and its subsidiaries (the "**Huawei Group**") to Mr. Yan Qixu, a former executive director of the Company, at an aggregate consideration of HK$120,000,000 (equivalent to approximately RMB94,752,000).

On 18 December 2012, the Group completed the disposal of 100% equity interests in Hai Te Wei Company Limited and its subsidiaries (the "**Hai Te Wei Group**") and Tong Tai Company Limited and its subsidiaries (the "**Tong Tai Group**") to an independent third party, at an aggregate consideration of HK$80,000,000 (equivalent to approximately RMB65,024,000).

The principal activities of Hai Te Wei Group and Tong Tai Group are the manufacturing and sale of chip type electronic components and aluminum electrolytic capacitors in Southern China, respectively. Upon the completion of the disposal of Huawei Group on 17 June 2013, the Group ceased to engage in the aluminum electrolytic capacitors business.

The results of the discontinued operations included in the loss for the period are set out below:

	Six months ended 30 June	
	2013 **RMB'000** **(unaudited)**	2012 RMB'000 (unaudited)
Net loss for the period from discontinued operations:		
Loss for the period		
– Chip type electronic components	**–**	(2,109)
– Aluminum electrolytic capacitors	**(20,798)**	(28,840)
Gain on disposal of subsidiaries (note 22)	**13,990**	–
	(6,808)	(30,949)

10. Loss From Discontinued Operations (Continued)

(a) Loss from the chip type electronic components operation

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Turnover	**–**	32,053
Cost of sales	**–**	(29,849)
Gross profit	**–**	2,204
Other revenue and income	**–**	89
Distribution costs	**–**	(195)
Administrative expenses	**–**	(2,741)
Finance costs	**–**	(1,506)
Loss before taxation	**–**	(2,149)
Attributable income tax credit	**–**	40
Net loss for the period	**–**	(2,109)
Loss before taxation for the period from discontinued operations:		
Amortisation of lease prepayments	**–**	159
Depreciation	**–**	2,354

(b) Loss from the aluminum electrolytic capacitors operation

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Turnover	**152,504**	147,671
Cost of sales	**(143,675)**	(132,987)
Gross profit	**8,829**	14,684
Other revenue and income	**1,547**	2,024
Distribution costs	**(3,374)**	(4,192)
Administrative expenses	**(16,060)**	(33,542)
Allowance for impairment on trade receivables, net	**(737)**	–
Write down of inventories	**(19)**	–
Finance costs	**(10,691)**	(7,814)
Loss before taxation	**(20,505)**	(28,840)
Attributable income tax expenses	**(293)**	–
Net loss for the period	**(20,798)**	(28,840)
Loss before taxation for the period from discontinued operations:		
Amortisation of lease prepayments	**42**	41
Depreciation	**10,594**	11,684

10. Loss From Discontinued Operations (Continued)

(c) Analysis of the cash flow of the discontinued operations

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Chip type electronic components operation:		
Net cash inflow from operating activities	**–**	15,879
Net cash outflow from investing activities	**–**	(1,055)
Net cash outflow from financing activities	**–**	(5,738)
Net cash inflow	**–**	9,086
Aluminum electrolytic capacitors operation:		
Net cash inflow/(outflow) from operating activities	**116,618**	(33,508)
Net cash outflow from investing activities	**(4,987)**	(14,683)
Net cash (outflow)/inflow from financing activities	**(109,810)**	61,018
Net cash inflow	**1,821**	12,827

11. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB32,366,000 (six months ended 30 June 2012: RMB55,753,000) and the weighted average number of 1,079,464,133 (30 June 2012: 1,044,128,416) ordinary shares in issue during the six months ended 30 June 2013, calculated as follows:

Loss attributable to owners of the Company

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
From continuing operations	**25,558**	24,804
From discontinued operations	**6,808**	30,949
	32,366	55,753

11. Loss Per Share (Continued)

(a) Basic loss per share (Continued)

Weighted average number of ordinary shares

	As at 30 June 2013 (unaudited)	As at 30 June 2012 (unaudited)
Shares issued at 1 January	**1,075,678,000**	1,027,000,000
Effect of conversion of convertible notes	**–**	35,011
Effect of exercise of unlisted warrants	**3,786,133**	17,093,405
Weighted average number of ordinary shares in issue	**1,079,464,133**	1,044,128,416

(b) Diluted loss per share

The computation of diluted loss per share does not assume the exercise and conversion of the Company's outstanding unlisted warrants and convertible notes as their exercise would result in a decrease in loss per share for the six months ended 30 June 2013 and 2012. Therefore, the diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2013 and 2012.

12. Dividends

The directors did not recommend payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

13. Property, Plant and Equipment

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment with a cost of RMB11,342,000 (six months ended 30 June 2012: RMB18,037,000) and disposed of items of property, plant and equipment with a carrying amount of RMB186,295,000 (six months ended 30 June 2012: RMB88,000), in which RMB185,632,000 (six months ended 30 June 2012: Nil) was disposed from the disposal of certain subsidiaries. As at 30 June 2013, the carrying amount of property, plant and equipment held under finance leases of the Group was RMB1,025,000 (31 December 2012: Nil).

14. Goodwill

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Cost and carrying amount		
Giga-World Group	**84,072**	84,072
Shine Link Group	**66,071**	66,071
Kings Honor Group	**89,701**	89,701
Pacific King Group	**80,320**	80,320
Starry View Group and Mega Wide Group	**52,463**	52,463
	372,627	372,627

14. Goodwill (Continued)

Goodwill acquired in the business combinations during the year ended 31 December 2011, which related to the acquisition of Giga-World Industry Company Limited (the "**Giga-World**") and its subsidiary (collectively referred to as the "**Giga-World Group**"), Shine Link Technology Limited and its subsidiaries (collectively referred to as the "**Shine Link Group**"), Kings Honor Technology Limited and its subsidiaries (collectively referred to as the "**Kings Honor Group**"), Pacific King Technology Limited and its subsidiaries (collectively referred to as the "**Pacific King Group**"), Starry View Investments Limited (the "**Starry View**") and its subsidiaries (collectively referred to as the "**Starry View Group**") and Mega Wide Investments Limited (the "**Mega Wide**") and its subsidiaries (collectively referred to as the "**Mega Wide Group**"), was allocated to each individual cash-generating unit ("**CGU**") which management considers represent separate cash generating unit. At the end of the reporting period, the carrying amount of goodwill arose from the acquisition of the CGUs were summarised as above.

Impairment test for cash-generating units containing goodwill

The recoverable amounts of the CGUs are determined based on value in use calculations as of the end of the reporting period by Peak Vision, a firm of independent professional valuers. These calculations use cash flow projections based on the financial budgets approved by the management covering a five-year period. The cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.87% (31 December 2012: 2.87%), which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the business in which CGU operates. The appraiser estimates the pre-tax discount rates as presented below, using the Capital Assets Pricing Model based on stock prices of comparable companies listed on the Stock Exchange, plus a risk premium to reflect the specific risk of the individual CGUs. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

	Pre-tax discount rate (unaudited)	**Growth rate beyond 5 years (unaudited)**
Giga-World Group	**20.51%**	2.87%
Shine Link Group	**21.91%**	2.87%
Kings Honor Group	**16.69%**	2.87%
Pacific King Group	**19.56%**	2.87%
Starry View Group	**18.64%**	2.87%
Mega Wide Group	**25.39%**	2.87%

As at 30 June 2013, the recoverable amounts of these CGUs are higher than their carrying amounts with reference to the valuations. Accordingly, no impairment loss on goodwill is required at the end of the reporting period. Management believes any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause their recoverable amounts to be less than their carrying amounts.

15. Other Intangible Assets

	Customer relationships RMB'000	Patents RMB'000	Trademarks RMB'000	Total RMB'000
Cost				
As at 1 January 2012, 31 December 2012 (audited) and 30 June 2013 (unaudited)	478,900	243,300	50,000	772,200
Accumulated amortisation				
As at 1 January 2012	20,614	21,166	416	42,196
Charge for the year	34,207	32,173	5,000	71,380
As at 31 December 2012 (audited) and 1 January 2013	54,821	53,339	5,416	113,576
Charge for the period	17,104	16,057	2,500	35,661
As at 30 June 2013 (unaudited)	71,925	69,396	7,916	149,237
Carrying amount				
As at 30 June 2013 (unaudited)	406,975	173,904	42,084	622,963
As at 31 December 2012 (audited)	424,079	189,961	44,584	658,624

The Group's other intangible assets arose from the acquisition of subsidiaries during the year ended 31 December 2011 and were revalued as of the respective completion dates of acquisitions and as at 31 December 2012 by Peak Vision, a firm of independent professional valuers.

Based on the assessments by the directors of the Company on the recoverable amount of each of the other intangible assets as at 30 June 2013, no impairment on other intangible assets was required.

16. Trade and Bills Receivables

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Trade receivables	184,737	352,621
Less: Allowance for doubtful debts	–	(20,043)
	184,737	332,578
Bills receivables	1,871	5,313
	186,608	337,891

All of the trade and bills receivables are expected to be recovered within one year.

The Group normally grants a credit period of 90 to 365 days to its customers. For certain well-established customers who have strong financial strength, good repayment history and creditworthiness, the Group extends their credit period beyond 180 days. Customers with balances that are exceeding their credit period are requested to settle all outstanding balance before any further credit is granted.

Aging analysis of trade and bills receivables based on the invoice date at the end of the reporting period was as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
0–30 days	37,236	98,521
31–90 days	45,983	123,836
91–180 days	22,438	88,536
181–365 days	75,989	23,944
Over 365 days	4,962	23,097
	186,608	357,934
Less: Allowance for doubtful debts	–	(20,043)
	186,608	337,891

17. Trade and Bills Payables

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Trade payables	**60,458**	122,662
Bills payables	**–**	60,010
	60,458	182,672

All of the trade and bills payables are expected to be settled within one year.

The credit terms granted by suppliers are generally for a period of 30 to 90 days, computing from the end of the month of the relevant purchase.

Bills payables as at 31 December 2012 were secured by restricted bank deposits.

Aging analysis of trade payables based on the invoice date and bills payables based on the issuance date of relevant bills at the end of the reporting period were as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
0–30 days	**32,063**	21,862
31–90 days	**22,325**	118,383
91–365 days	**5,985**	42,293
Over 365 days	**85**	134
	60,458	182,672

18. Promissory Notes Payable

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Promissory notes payable to:		
Yorken Group Limited (note a)	**–**	15,145
Action Victory Limited (note b)	**–**	–
	–	15,145

(a) On 30 November 2011, the Company issued a promissory note with principal value of HK$20,000,000 as part of the consideration for the acquisition of 100% equity interests in Starry View and Mega Wide. The promissory note is unsecured, with interest rate 1% per annum and repayable on 29 November 2013. The fair value of promissory note was determined at HK$17,147,000 (equivalent to approximately RMB14,055,000) on 30 November 2011 by reference to the valuation performed by Peak Vision, a firm of independent professional valuers. The effective interest rate is 9.11% per annum. The promissory note is carried at amortised cost basis. During the six months ended 30 June 2013, the Group early repaid the promissory note with a nominal value of HK$20,000,000 (six months ended 30 June 2012: Nil). A loss of early redemption of RMB684,000 (six months ended 30 June 2012: Nil) is recognised in profit or loss for the six months ended 30 June 2013.

(b) On 11 June 2013, the Company issued a promissory note with principal value of HK$20,000,000 as the consideration for the acquisition of addition 10% equity interests in Giga-World. The promissory note is unsecured, with interest rate 2% per annum and repayable on 10 June 2014. The fair value of promissory note was determined at HK$18,480,000 (equivalent to approximately RMB14,605,000) on 11 June 2013 by reference to the valuation performed by Peak Vision, a firm of independent professional valuers. The effective interest rate is 10.42% per annum. The promissory note is carried at amortised cost basis. During the six months ended 30 June 2013, the Group early repaid the promissory note with a nominal value of HK$20,000,000 (six months ended 30 June 2012: Nil). A loss of early redemption of RMB1,191,000 (six months ended 30 June 2012: Nil) is recognised in profit or loss for the six months ended 30 June 2013.

19. Bonds Payable

The Company has issued unlisted bonds with principal amount of RMB72,000,000 on 7 December 2012 as part of the consideration for the extinguishment of the convertible notes issued on 25 May 2011. The unlisted bonds are unsecured, bearing interest at the rate of coupon 8% per annum payable annually and will mature on 6 December 2017. The unlisted bonds are carried at amortised cost using the effective interest rate at 18.68% per annum.

The bondholder is granted with a put option ("**Put Option**"), upon serving a written notice by the bondholder to the Company to exercise the Put Option in accordance with the unlisted bonds instrument, to require the Company to redeem the unlisted bonds in whole or in part at the principal amount, together with any accrued and unpaid interest in cash. The Put Option notice shall only be exercised by the bondholder at the date on the 24th or 36th or 48th calendar month of the issue date as stipulated on the unlisted bonds instrument. In accordance with the unlisted bonds instrument, the Company has a call option ("**Call Option**") to redeem the unlisted bonds in whole or in part at the principal amount, together with any accrued and unpaid interest thereon, at the date on the 24th or 36th or 48th calendar month of the issue date. Put Option and Call Option are not closely related to the host liability and is measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss. In the opinion of the directors of the Company, based on the valuation conducted by Peak Vision, a firm of independent professional valuers, the fair value of the Put Option (as an embedded derivative financial liability at fair value through profit or loss) less Call Option (as an embedded derivative financial asset at fair value through profit or loss), amounted to RMB9,781,000 at 30 June 2013 (31 December 2012: RMB9,304,000).

19. Bonds Payable (Continued)

The movement of the embedded derivatives and liability component of the unlisted bonds during the six months ended 30 June 2013 are set out below:

	Embedded derivatives at fair value through profit or loss RMB'000	Liability component at amortised cost RMB'000	Total RMB'000
As at 7 December 2012	–	–	–
Issued upon extinguishment of convertible notes	11,995	48,327	60,322
Interest charged to profit or loss	–	712	712
Change in fair value	(2,691)	–	(2,691)
As at 31 December 2012 (audited) and 1 January 2013	9,304	49,039	58,343
Interest charged to profit or loss	–	4,475	4,475
Change in fair value	477	–	477
As at 30 June 2013 (unaudited)	9,781	53,514	63,295
Analysed as:			
As at 30 June 2013 (unaudited)			
As non-current liabilities	9,781	50,279	60,060
As current liabilities	–	3,235	3,235
	9,781	53,514	63,295
As at 31 December 2012 (audited)			
As non-current liabilities	9,304	48,327	57,631
As current liabilities	–	712	712
	9,304	49,039	58,343

20. Deferred Tax Liabilities

The components of deferred tax liabilities recognised in the condensed consolidated statement of financial position and the movements during the six months ended 30 June 2013 are as follows:

	2013 RMB'000 (unaudited)	2012 RMB'000 (audited)
As at 1 January	**166,878**	189,923
Disposal of subsidiaries	**–**	(5,082)
Charge to profit or loss (note 9)	**(8,934)**	(17,963)
As at 30 June 2013	**157,944**	
As at 31 December 2012		166,878

21. Share Capital

	Number of shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:		
As at 30 June 2013 and 31 December 2012	2,000,000,000	20,000

	Number of shares of HK$0.01 each	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:			
As at 1 January 2012	1,027,000,000	10,270	9,439
Issue of new ordinary shares			
– Upon exercise of unlisted warrants (note a)	41,000,000	410	333
– Upon conversion of convertible notes (note b)	7,678,000	77	63
As at 31 December 2012 (audited) and 1 January 2013	1,075,678,000	10,757	9,835
Issue of new ordinary shares upon exercise of unlisted warrants (note a)	17,230,000	172	137
As at 30 June 2013 (unaudited)	1,092,908,000	10,929	9,972

(a) Unlisted warrants

(i) On 7 June 2011, the Company entered into a placing agreement with the placing agent which was an independent third party in connection with the placing of 40,000,000 unlisted warrants to individual, corporate and institutional investors at a subscription price of HK$0.05 each. Each unlisted warrant entitles the holder to subscribe for one ordinary share of HK$0.01 each of the Company at an initial subscription price of HK$1.82 per share, subject to anti-dilutive adjustments in accordance with the terms stipulated on the unlisted warrants instrument. The proceeds were utilised by the Group as its general working capital and to finance the proposed acquisitions of the LED lighting business.

During the six months ended 30 June 2013, the unlisted warrant holders subscribed for 3,000,000 (year ended 31 December 2012: 9,000,000) new ordinary shares of HK$0.01 each upon the exercise of 3,000,000 (year ended 31 December 2012: 9,000,000) unlisted warrants at a subscription price of HK$1.82 per share, representing a discount ranged from 37.46% to 37.88% (year ended 31 December 2012: 35.92% to 39.93%) to the closing market prices of the Company's shares on the respective issue dates. The proceeds were used to reduce the borrowings and to provide additional working capital for the Group. The new ordinary shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 11 May 2011 and rank pari passu with other ordinary shares in issue in all respects.

21. Share Capital (Continued)

(a) Unlisted warrants (Continued)

(ii) On 15 February 2012, the Company entered into a placing agreement with the placing agent which was an independent third party in connection with the placing of 140,000,000 unlisted warrants to individual, corporate and institutional investors at a subscription price of HK$0.05 each. Each unlisted warrant entitles the holder to subscribe for one ordinary share of HK$0.01 each of the Company at an initial subscription price of HK$2.65 per share, subject to anti-dilutive adjustments in accordance with the terms stipulated on the unlisted warrants instrument. The proceeds were utilised by the Group as its general working capital and as funds to reduce the liabilities of the Group.

During the six months ended 30 June 2013, the unlisted warrant holders subscribed for 5,000,000 (year ended 31 December 2012: 32,000,000) new ordinary shares of HK$0.01 each upon the exercise of 5,000,000 (year ended 31 December 2012: 32,000,000) unlisted warrants at a subscription price of HK$2.65 per share, representing a discount ranged from 8.93% to 9.86% (year ended 31 December 2012: 8.30% to 11.07%) to the closing market prices of the Company's shares on the respective issue dates. The proceeds were used to reduce the borrowings and to provide additional working capital for the Group. The new ordinary shares were issued under the general mandate granted to the directors of the Company at the extraordinary general meeting of the Company held on 19 August 2011 and rank pari passu with other ordinary shares in issue in all respects.

(iii) On 7 December 2012, the Company entered into an agreement with the holder of the convertible notes issued by the Company on 25 May 2011, Concept Capital Management Limited ("Concept Capital"), pursuant to which, all the outstanding convertible notes were extinguished at the consideration settled by the Company's issue of new unlisted bonds, 89 "Tranche 1 Unlisted Warrants" which entitle the holder to subscribe for 29,666,637 ordinary shares of HK$0.01 each of the Company at an exercise price of HK$3.00 per share and 88 "Tranche 2 Unlisted Warrants" which entitle the holder to subscribe for 45,128,248 ordinary shares of HK$0.01 each of the Company at an exercise price of HK$1.95 per share.

During the six months ended 30 June 2013, the Tranche 2 Unlisted Warrants holder subscribed for 9,230,000 (year ended 31 December 2012: Nil) new ordinary shares of HK$0.01 each upon the exercise of 9,230,000 (year ended 31 December 2012: Nil) unlisted warrants at a subscription price of HK$1.95 per share, representing a discount ranged from 32.76% to 33.22% (year ended 31 December 2012: N/A) to the closing market prices of the Company's shares on the respective issue dates. The proceeds were used to reduce the borrowings and to provide additional working capital for the Group. The new ordinary shares were issued under the specific mandate granted to the directors of the Company at the extraordinary general meeting of the Company held on 5 December 2012 and rank pari passu with other ordinary shares in issue in all respects.

(b) Convertible notes

On 25 May 2011, the Company entered into a subscription agreement with an independent private investor, Concept Capital, in respect of the issue of the two-year 10% coupon convertible notes in the principal amount of RMB84,000,000. The convertible notes were convertible at the option of the note holder into ordinary shares of the Company at a conversion price of HK$1.95 per share, subject to adjustments. The proceeds were used to finance the possible future investments of the Group and the general working capital of the Group.

During the year ended 31 December 2012, the Concept Capital subscribed for 7,678,000 new ordinary shares of HK$0.01 each upon the conversion of the convertible notes with an aggregate amount of HK$22,765,000 (equivalent to approximately RMB18,697,000) at a conversion price of HK$1.95 per share, representing a discount ranged from 34.34% to 35.86% to the closing market prices of the Company's shares on the respective issue dates. The proceeds were used to reduce the borrowings of and to provide additional working capital for the Group. The new ordinary shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 1 April 2010 and rank pari passu with other ordinary shares in issue in all respects.

22. Disposal of Subsidiaries

On 23 April 2013, a sale and purchase agreement was entered into between the Company as the vendor, Mr. Yan Qixu, a former executive director of the Company, as the purchaser in relation to the disposal of entire equity interests in Huawei Group Holdings Company Limited (together with its subsidiaries, the "**Huawei Group**") at the consideration of HK$120,000,000 (equivalent to approximately RMB94,752,000). Upon the disposal was completed on 17 June 2013, the Group discontinued the operation of the manufacturing and sale of aluminum electrolytic capacitors.

(a) The net assets of Huawei Group at the date of disposal were as follows:

	RMB'000 (unaudited)
Property, plant and equipment	185,632
Lease prepayments	3,717
Inventories	103,051
Trade and bills receivables, net	112,898
Other receivables and prepayments	86,147
Amount due from a related company	34,227
Restricted bank deposits	129,004
Cash at banks and in hand	14,810
Bank loans	(272,685)
Trade and bills payables	(240,798)
Other payables and accruals	(66,418)
Amount due to a former director	(1,178)
Amount due to a related company	(9,228)
Amount due to a shareholder	(144)
Income tax payable	(293)
Net assets disposal of	78,742

22. Disposal of Subsidiaries (Continued)

(b) Gain on disposal of Huawei Group

	RMB'000 (unaudited)
Consideration	94,752
Net assets disposed of	(78,742)
Exchange reserve realised upon disposal	(2,020)
Gain on disposal (note 10)	13,990

The gain on disposal is included in the loss from discontinued operations for the six months ended 30 June 2013.

Net cash outflow arising from disposal of subsidiaries

	RMB'000 (unaudited)
Consideration received	–
Less: Bank balances and cash disposal of	(14,810)
	(14,810)

On the date of completion, the Company and Mr. Yan Qixu had entered into the deed of set off to the effect that the loan from a former executive director was applied to set off against the consideration for the disposal of Huawei Group.

23. Pledged Assets

As at 30 June 2013, the following assets were pledged to bank to secure general banking facilities granted to the Group:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Property, plant and equipment	**–**	31,170
Restricted bank deposits	**2,951**	42,504
	2,951	73,674

24. Capital Commitments

As at 30 June 2013, the Group had following capital commitments in respect of the purchase of property, plant and equipment and other non-current assets as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Contracted but not provided for		
Purchase of property, plant and equipment and other non-current assets	**2,236**	8,076
Authorised but not contracted for		
Purchase of property, plant and equipment	**–**	–
	2,236	8,076

25. Material Related Party Transactions

During the six months ended 30 June 2013, the directors of the Company are of the view that the followings are related parties of the Group:

Name of the party	**Relationship**
Li Wing Sang	Executive director
Yan Qixu	Former executive director and director of former subsidiaries which are engaged in the manufacturing and sale of aluminum electrolytic capacitors and were disposed during the six months ended 30 June 2013
Xiang Xiaoqin	Former executive director and director of former subsidiaries which are engaged in the manufacturing and sale of aluminum electrolytic capacitors and were disposed during the six months ended 30 June 2013. Ms. Xiang is the spouse of Mr. Yan Qixu
Changzhou Huawei Reflective Material Company Limited	Mr. Yan Qixu is the common director and controlling shareholder
Enercon Capacitor Company Limited	Mr. Guan Zhilong, a former director of Changzhou Dayou Electronic Company Limited which was disposed during the year ended 31 December 2012, is the director and controlling shareholder
深圳市吉泰龍電子有限公司	Mr. Guan Zhilong, a former director of Changzhou Dayou Electronic Company Limited which was disposed during the year ended 31 December 2012, is the director and controlling shareholder
江蘇國瑞科技股份有限公司	Mr. Yan Qixu is the legal representative
江蘇華威世紀電子集團有限公司	Mr. Yan Qixu is the common director
深圳市億博睿電子有限公司	A Company controlled by Ouyang Jun, a director of Shenzhen Chong Zhen Electronics Technology Company Limited
Tong Heng Company Limited	A shareholder of the Company

25. Material Related Party Transactions (Continued)

(a) Trading transactions

	Six months ended 30 June	
	2013 **RMB'000** **(unaudited)**	2012 RMB'000 (unaudited)
Sales to:		
Continuing operations		
深圳市億博睿電子有限公司	**–**	5,711
Discontinued operations		
Enercon Capacitor Company Limited	**5,218**	11,142
深圳市吉泰龍電子有限公司	**–**	748
Purchase from:		
Continuing operations		
深圳市億博睿電子有限公司	**–**	159
Discontinued operations		
江蘇國瑞科技股份有限公司	**7,326**	–

For the continuing operations, the outstanding balances arising from the above trading transactions were included in the "Trade and bills receivables" and "Trade and bills payables" in the notes 16 and 17 to the condensed consolidated interim financial statements respectively.

For the discontinued operations, the outstanding balances arising from the above trading transactions were included in the "Trade and bills receivables" and "Trade and bills payables" as disclosed under "Disposal of subsidiaries" in the note 22 to the condensed consolidated interim financial statements.

Sale to or purchase from related companies were made in the ordinary course of business and at normal commercial terms at the Group's regular listed prices.

(b) Amounts due to related companies

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
江蘇華威世紀電子集團有限公司	**–**	32,573
江蘇國瑞科技股份有限公司	**–**	5,851
Changzhou Huawei Reflective Material Company Limited	**–**	4,457
深圳市億博睿電子有限公司	**–**	7
	–	42,888

The amounts due are non-trade nature, unsecured, interest-free and repayable on demand.

25. Material Related Party Transactions (Continued)

(c) Amount due to a former director

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Yan Qixu	**–**	1,178

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

(d) Amount due to a director

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Li Wing Sang	**578**	585

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

(e) Amount due to a shareholder

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Tong Heng Company Limited	**–**	144

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

(f) Loan from a former director

Loan from a former executive director of the Company, Mr. Yan Qixu, is unsecured, interest-free and repayable on 24 January 2014. On 31 December 2012, Mr. Yan Qixu has entered into a letter of understanding with the Company such that Mr. Yan Qixu has agreed to further extend the repayment date from 31 January 2013 to 31 January 2014. On 17 June 2013, the Company and Mr. Yan Qixu had entered into the deed of set off to the effect that this loan was applied to set off against the consideration for the disposal of certain subsidiaries as referred to note 22 to the condensed consolidated interim financial statements.

25. Material Related Party Transactions (Continued)

(g) Securities and guarantees

As at 31 December 2012, the Group's bank loans of RMB30,000,000 were secured by certain properties and corporate guarantee provided by Changzhou Huawei Reflective Material Company Limited. In addition, Mr. Yan Qixu and Ms. Xiang Xiaoqin, have provided personal guarantees to the Group's unsecured bank loans of RMB215,155,000.

(h) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	**1,697**	1,397
Contributions to defined contribution retirement plans	**12**	12
	1,709	1,409

26. Events After the Reporting Period

The Group had the following events after the reporting period:

(a) After the end of the reporting period and up to the date of this interim financial report, the Company issued 19,000,000 new ordinary shares of HK$0.01 each upon the exercise of 19,000,000 unlisted warrants by the warrant holders at a subscription price of HK$2.65 per share according to the placing agreement dated 15 February 2012 as detailed in note 21 (a)(ii) to the condensed consolidated interim financial statements.

(b) After the end of the reporting period and up to the date of this interim financial report, the Company issued 9,230,000 new ordinary shares of HK$0.01 each upon the exercise of 9,230,000 unlisted warrants by the warrant holders at a subscription price of HK$1.95 per share according to the agreement dated 7 December 2012 as detailed in note 21 (a)(iii) to the condensed consolidated interim financial statements.

(c) On 15 July 2013, Shine Link Technology Limited, a wholly-owned subsidiary of the Company, as a purchaser (the "**Purchaser**") entered into a sale and purchase agreement with Mr. Hsu Chih Ming as a vendor (the "**Vendor**"), pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the 30% of the entire equity interest of the U Young Technology Holdings Limited, at a consideration of HK$50,000,000 (equivalent to approximately RMB39,575,000). The consideration was settled by procuring the Company to issue the promissory notes upon completion dated 24 July 2013. Details of which, please refer to the announcement of the Company dated 15 July 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Despite of challenging market conditions in which it was facing, Tech Pro Technology Development Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") has experienced a changing moment for the six months ended 30 June 2013 (the "**Period under Review**"). The Group has streamlined its business from the manufacturing and sale of aluminum electrolytic capacitors and focuses on the manufacturing and sale of LED lighting products and accessories within the Period under Review.

For the first half year in 2013, the Group continued to focus on LED lighting business and moved forward in respect of products development, technology development and business development after the completion of the integration among the LED lighting subsidiaries. During the Period under Review, the Group has started the installation of LED street lamps in the city of Tarancon, Spain, a tender which was awarded by the end of 2012. The products supplied are manufactured by the factories of the Group and are under its own brand name "LEDUS". Installation has been started during the Period under Review and expects to be completed in 2013. This tender helps the Group to enter into the provision of energy efficiency services market in the European public sector and will also enhance the reputation, identification and recognisability of the brand name "LEDUS" in Europe. The Group will keep on exploring the opportunities to work with other regional governments in Europe on energy efficiency services.

Other than the public sector, the Group has extensive customer profiles encompassing companies in diverse industries in private sector and in the retail markets. During the Period under Review, the Group has supplied different types of LED lighting products to the car parks, factory buildings, office, restaurants, hotels and retails shops in Europe, the PRC, Hong Kong and Macau. With the penetration in the business sector, "LEDUS" LED lighting products are also sold in the large chain supermarkets and retails shops in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period under Review, the Group has disposed the entire issued share capital and equity interests in Huawei Group Holdings Limited, a wholly-owned subsidiary of the Company with a consideration of HKD120 million (equivalent to approximately RMB94.8 million). Details of which are set out in the announcement and circular of the Company dated 23 April 2013 and 24 May 2013 respectively. The disposal allows the Group to streamline its business, reducing the short-term bank loans and liabilities, decreasing the interest expenses payment, reducing the pressures on the working capital and protecting from volatility arising from the uncertain monetary policy and fluctuation of interest rate in the PRC pertaining the short-term bank loans. Following the completion of the disposal, the Group has ceased to engage in the aluminum electrolytic capacitors related business and will focus on its existing businesses in the manufacturing and sale of LED lighting products and accessories.

Business Outlook

As the global consciousness on energy saving is getting higher, the applications of LED lighting products are widely recognised by the markets, particularly in the business sectors. Despite there is a price difference between LED lighting and traditional lighting, the customers of business sectors prefer LED lighting products to traditional lighting products as LED lighting products are more energy saving and with longer life span. The Group will continue to explore the overseas markets, both public and private sectors, with tailor-made "LEDUS" LED lighting products. It is believed that the potential of LED lighting market is enormous and the growth is remarkable in the coming years.

As the prices between LED lighting products and traditional lighting products have been narrowed, the Group will explore the retail markets in Hong Kong and overseas. "LEDUS" LED lighting products have been gradually entered into the chain supermarkets and retail shops in Hong Kong. The Group will keep on looking for opportunities to expand its market shares and build up the reputation of its own brand name "LEDUS".

In order to enhance the competitiveness of the Group's products and differentiate the Group's products with our competitors, the Group will continue to improve its technology development, and also strives to lower the cost of production, improve the production efficiency and advance the product development.

The Group is confident of the prospects of the LED lighting business. Nevertheless, facing the uncertain global economic environment ahead and keen competition in the LED lighting industry, the Group will be prudent and cautions when developing the business.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group has operated in businesses of the manufacturing and sale of LED lighting products and accessories, and provision of energy efficiency services, after the completion of the disposal of the manufacturing and sale of aluminum electrolytic capacitor in June 2013.

During the Period under Review, the provision of energy efficiency services business is in the preliminary stage of development, in addition, energy efficiency projects are long term contracts which may be up to 16 years, so that its turnover and financial results have only recorded an insignificant portion to the Group's total turnover and financial results. These businesses have been aggregated into one segment named "LED lighting" during the Period under Review.

In addition, as the manufacturing and sale of aluminum electrolytic capacitor business has been discontinued during the Period under Review, the condensed consolidated interim financial statements include only the financial results of the continuing operations of the Group. In order to facilitate the comparison with the financial result of continuing operations for the Period under Review, the comparative figures for the six months ended 30 June 2012 are restated to exclude the financial results of the discontinued operations which will be discussed separately under the heading "Loss from Discontinued Operations".

Turnover

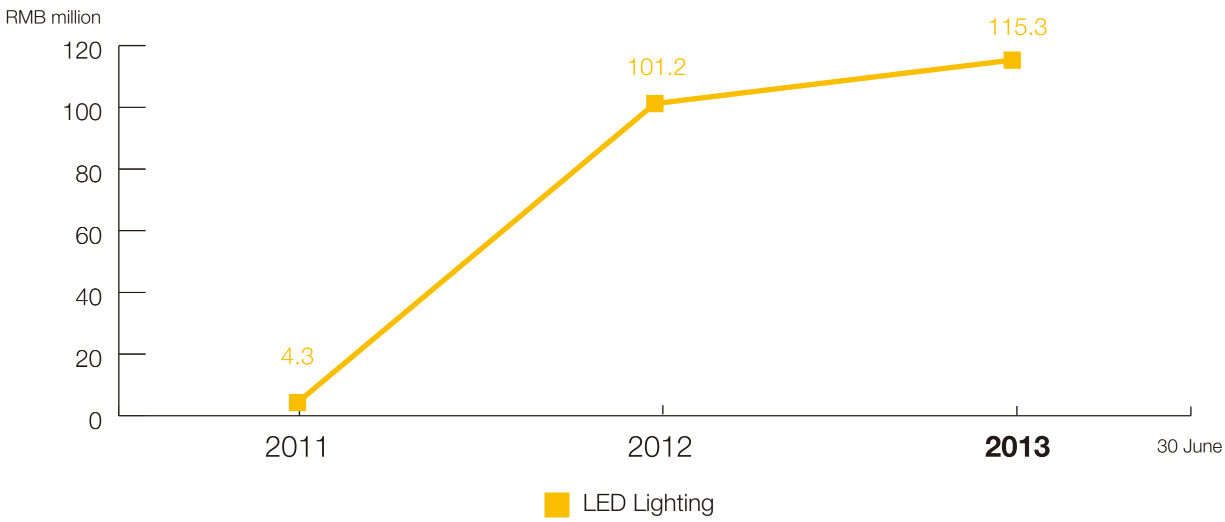
During the Period under Review, LED lighting businesses recorded a turnover of approximately RMB115.3 million, approximately 13.9% higher than the approximately RMB101.2 million reported for the same period last year. It shows that LED lighting businesses have a promising prospect as compared to the turnover recorded for the same period in 2011 and 2012.

The Group's turnover can be analysed as follows:

For the six months ended 30 June

	2013 RMB'000	2012 RMB'000	2011 RMB'000
LED lighting	**115,265**	101,195	4,279

Turnover



MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin

The gross profit margin of LED lighting businesses was approximately 21.9% for the Period under Review as compared to approximately 35.4% for that of the corresponding period in 2012, showing a decrease approximately 38.1%.

Segment adjusted EBITDA

"Segment adjusted EBITDA" is used as one of the measures for segment profit or loss since 2012, as the Company believes "segment adjusted EBITDA", which does not take into account of non-operating factors such as the finance costs, non-cash expenses and non-recurring expenses, can reflect the performance of each segment from its operating activities. "Segment adjusted EBITDA" represents the "earnings/(loss) before interest, tax, depreciation and amortisation", where interest is regarded as investment income and finance costs and "depreciation and amortisation" are regarded as including impairment losses on non-current assets. This measurement basis excludes the effect of non-recurring expenditures from the operating segments, such as loss on early redemption of promissory notes, and changes in fair value on embedded derivatives of unlisted bonds.

The segment adjusted EBITDA of LED lighting businesses of the Group for the Period under Review is approximately RMB13.9 million, a decrease of approximately RMB11.9 million as compared to approximately RMB25.8 million for that of the corresponding period in 2012.

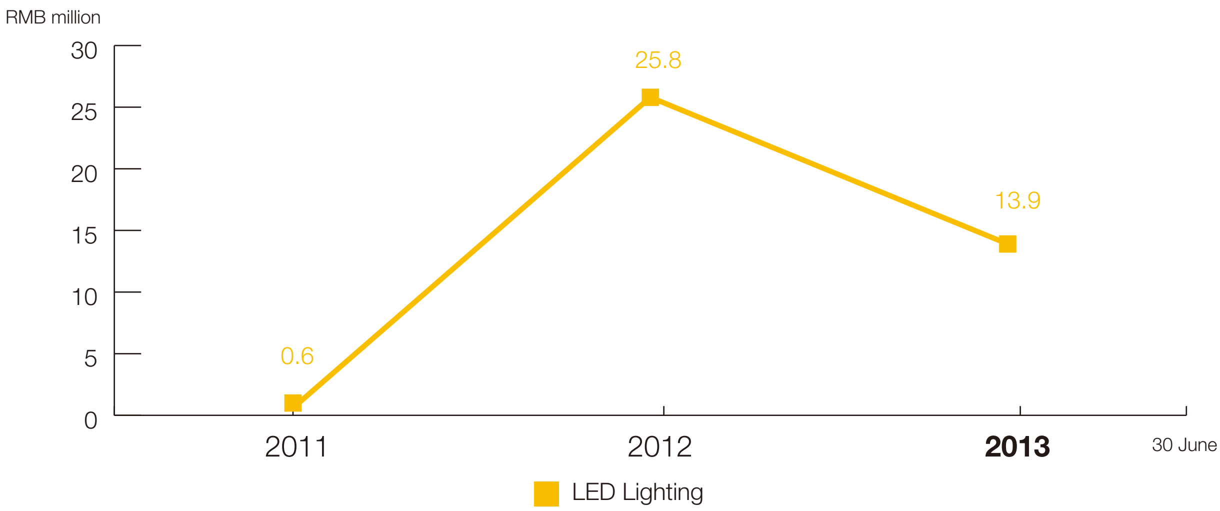
MANAGEMENT DISCUSSION AND ANALYSIS

The Group's segment adjusted EBITDA can be analysed as follows:

For the six months ended 30 June

	2013 RMB'000	2012 RMB'000	2011 RMB'000
LED lighting	**13,907**	25,791	564

Segments EBITDA



Loss from Discontinued Operations

During the Period under Review, the aluminum electrolytic capacitors business was disposed. After taken into account the gain arising from the disposal of the discontinued operations amounted to approximately RMB14.0 million, the net loss from this discontinued operation was approximately RMB6.8 million for the Period under Review, representing a decreasing of about approximately 78.0% from approximately RMB30.9 million for that of the corresponding period in 2012.

As a result of the foregoing factors, the loss attributable to the owners of the Company for the Period under Review amounting to approximately RMB32.4 million as compared to the corresponding period in 2012 amounting to approximately RMB55.8 million.

Dividends

At the meeting of the board (the "**Board**") held on 20 August 2013, the directors did not recommend payment of an interim dividend for the six months ended 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest Income and Expenses

The interest income from LED lighting businesses was insignificant for the six months ended 30 June 2013 and 2012, which mainly represented the interest income from banks. The interest expenses from LED lighting businesses for the Period under Review was approximately RMB4.9 million, in which included effective interests from the promissory notes and unlisted bonds, as compared to the corresponding period in 2012 amounting to approximately RMB13.0 million, in which included effective interests from convertible notes and promissory notes.

Net Asset Value

As at 30 June 2013, the Group had net assets attributable to owners of the Company of approximately RMB753.9 million as compared to approximately RMB743.4 million as at 31 December 2012. The movement in net assets was mainly due to the issue of new ordinary shares upon the exercise of unlisted warrants of approximately RMB29.1 million and loss incurred for the Period under Review of approximately RMB32.4 million. Net asset value per share to owners of the Company was approximately RMB0.69 (31 December 2012: RMB0.69).

Liquidity, Financial Resources and Capital Structure

The Group maintains a conservative approach to financial management, funding and treasury policies. As at 30 June 2013, the Group had cash at banks and in hand of approximately RMB21.2 million (31 December 2012: RMB65.1 million) and restricted bank deposits of approximately RMB3.0 million (31 December 2012: RMB42.5 million). The Group had bonds payable of approximately RMB63.3 million (31 December 2012: RMB58.3 million), in which an amount of approximately RMB3.2 million (31 December 2012: RMB0.7 million) is repayable within one year and the remaining amount of approximately RMB60.1 million (31 December 2012: RMB57.6 million) is repayable after one year but within five years, and obligations under finance leases of approximately RMB0.5 million (31 December 2012: Nil), in which an amount of approximately RMB0.2 million (31 December 2012: Nil) is repayable within one year and the remaining amount of approximately RMB0.3 million (31 December 2012: Nil) is repayable after one year but within five years. The Group did not have any short-term bank loans (31 December 2012: RMB285.3 million), promissory notes payable (31 December 2012: RMB15.1 million) and loan from a former director (31 December 2012: RMB96.3 million) as at 30 June 2013.

As at 30 June 2013, the gearing ratio (calculated by dividing the aggregate amount of bank loans less cash and cash equivalents, promissory notes payable, bonds payable, obligations under finance leases and loan from a former director by total equity) of the Group was approximately 4.4% (31 December 2012: 39.4%). The decrease in gearing ratio as at 30 June 2013 as compared to that as at 31 December 2012 was principally attributable to the elimination of bank loans in the Group after the disposal of aluminum electrolytic capacitors business and set off the loan from a former director against the consideration for the disposal of aluminum electrolytic capacitors business during the Period under Review.

As at 30 June 2013, the Group had current assets of approximately RMB246.5 million (31 December 2012: RMB647.6 million) and current liabilities of approximately RMB104.6 million (31 December 2012: RMB609.0 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 2.4 as at 30 June 2013, which showed an increase as compared with the current ratio of approximately 1.1 as at 31 December 2012. Such increase was due to the reduction of the liabilities of the Group after the disposal of aluminum electrolytic capacitors business in terms of the elimination of bank loans, in addition a decreasing in trade payables, other payables and amounts due to related companies as at 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure

The Group's sales were principally made in Renminbi, Hong Kong Dollars and US Dollars, with the majority denominated in Renminbi. This may expose the Group to foreign currency exchange risks. The Group had not adopted formal hedging policies and no instruments had been applied for foreign currency hedging purposes during the Period under Review. However, in view of the continuing upward appreciation of Renminbi against Hong Kong Dollars and US Dollars, the Group will adopt all applicable financial instruments to hedge against currency risks whenever necessary.

Capital Commitment

As at 30 June 2013, the capital commitments contracted but not provided for in respect of purchase of property, plant and equipment and other non-current assets were approximately RMB2.2 million (31 December 2012: RMB8.1 million) and there were no outstanding capital commitments authorised but not provided for (31 December 2012: Nil).

Charge on Assets

As at 30 June 2013, the Group's restricted bank deposit of approximately RMB3.0 million (31 December 2012: RMB42.5 million) and none of the property, plant and equipment (31 December 2012: RMB31.2 million) were pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

As at 30 June 2013, the Group had no significant contingent liabilities.

Employee Information

As at 30 June 2013, the Group had approximately 500 employees and the majority of whom were stationed in the PRC. Total remuneration for the Period under Review amounted to approximately RMB10.6 million (six months ended 30 June 2012: RMB9.8 million). The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

FURTHER INFORMATION

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2013, the interests and short positions of the directors and/or chief executives of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Executive director:			
Mr. Li Wing Sang (note 1 & 2)	Beneficial owner	170,500,000 (Long position)	15.60%
	Deemed	800,000 (Long position)	0.07%
Mr. Chiu Chi Hong	Beneficial owner	56,640,000 (Long position)	5.18%

Note 1: On 21 January 2013, Mr. Li Wing Sang ("**Mr. Li**") has entered into an option deed (the "**Option Deed**") with Tong Heng Limited ("**Tong Heng**"), a substantial shareholder of the Company. Pursuant to the Option Deed, Tong Heng has granted a call option over an aggregate of 56,500,000 shares of the Company (the "**Shares**") to Mr. Li. Details of which, please refer to the announcement of the Company dated 21 January 2013.

Note 2: By virtue of the SFO, Mr. Li is deemed to be interested in the 800,000 Shares which are beneficially owned by Ms. Wong Ngai ("**Ms. Wong**"), the spouse of Mr. Li.

Save as disclosed above, and as at 30 June 2013, none of the directors or any of their associates or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share option scheme

A share option scheme (the "**Share Option Scheme**") was conditionally approved by resolutions of the shareholders of the Company on 26 July 2007. It became unconditional on 6 September 2007 and shall be valid and effective for a period of ten years commencing on 26 July 2007, subject to the early termination provisions contained in the Share Option Scheme.

During the Period under Review, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme and there are no outstanding share options under the Share Option Scheme as at 30 June 2013.

FURTHER INFORMATION

Interests and short positions of substantial shareholders in shares, underlying shares and debentures of the Company

As at 30 June 2013, so far as is known to the directors of the Company, the following persons (other than the directors or chief executive of the Company), who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Tong Heng (note 1 & 2)	Beneficial owner	56,500,000	5.17%
Mr. Yan Qixu (note 2)	Interests in controlled corporation	56,500,000	5.17%
Ms. Xiang Xiaoqin (note 2)	Interests in controlled corporation	56,500,000	5.17%
Ms. Wong Ngai (note 3)	Beneficial owner	800,000	0.07%
	Deemed	170,500,000	15.60%
Ms. Hui Wah Ying, Joelle (note 4)	Deemed	56,640,000	5.18%

Note 1: On 21 January 2013, Mr. Li has entered into an Option Deed with Tong Heng, a substantial shareholder of the Company. Pursuant to the Option Deed, Tong Heng has granted a call option over an aggregate of 56,500,000 Shares to Mr. Li. Details of which, please refer to the announcement of the Company dated 21 January 2013.

Note 2: Mr. Yan Qixu ("**Mr. Yan**") and Ms. Xiang Xiaoqin ("**Ms. Xiang**") are the beneficial owners of 69.69% and 30.31% of the issued shares in Tong Heng respectively and therefore both Mr. Yan and Ms. Xiang are deemed, or taken to be, interested in the 56,500,000 Shares which are beneficially owned by Tong Heng for the purpose of the SFO. Mr. Yan and Ms. Xiang, the former executive directors of the Company, are husband and wife.

Note 3: Ms. Wong is the beneficial owner of 800,000 Shares, who is the spouse of Mr. Li, an executive director of the Company. By virtue of the SFO, Ms. Wong is deemed to be interested in the 170,500,000 Shares which are beneficially owned by Mr. Li.

Note 4: Ms. Hui Wah Ying Joelle ("**Ms. Hui**") is the spouse of Mr. Chiu Chi Hong ("**Mr. Chiu**"), an executive director of the Company. By virtue of the SFO, Ms. Hui is deemed to be interested in the 56,640,000 Shares which are beneficially owned by Mr. Chiu.

Save as disclosed above, and as at 30 June 2013, the directors of the Company were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred therein.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period under Review.

FURTHER INFORMATION

Material acquisitions and disposal of subsidiaries and associated companies

On 23 April 2013, the Company as the vendor (the "**Vendor**") had entered into the disposal agreement ("**Disposal Agreement**") with Mr. Yan Qixu as the purchaser (the "**Purchaser**"), a former executive director and a substantial shareholder of the Company, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the entire issued share capital and equity interests in Huawei Group Holdings Limited ("**Huawei**", together with its subsidiaries the "**Huawei Group**") at a consideration of HK$120 million. Huawei is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding, being a wholly owned subsidiary of the Company. The Huawei Group is principally engaged in the business of manufacturing and sale of aluminum electrolytic capacitors. Huawei directly holds 100% equity interests in Blue Saint Enterprises Limited, He Yue Development Company Limited and He Yue Company Limited ("**He Yue**"), which are companies incorporated in the British Virgin Islands with limited liability and are principally engaged in investment holding. He Yue directly holds (a) 100% equity interest in 常州華威電子有限公司 (Changzhou Huawei Electronics Company Limited) ("**Changzhou Huawei**"); and (b) 100% equity interest in 常州華威電容器有限公司 (Changzhou Huawei Capacitors Company Limited) ("**Huawei Capacitors**"). Both of Changzhou Huawei and Huawei Capacitors are wholly foreign owned enterprises established under the laws of PRC and are principally engaged in the manufacturing and sale of aluminum electrolytic capacitors. Huawei Capacitors in turn holds (a) 100% equity interest in 海吉威有限公司 (Hai Ji Wei Company Limited), a company incorporated in Hong Kong with limited liability and principally engaged in investment holding, and (b) 100% equity interest in 四川石棉華瑞電子有限公司 (Sichuan Shi Mian Hua Rui Electronics Company Limited), a legal enterprise established under the laws of the PRC and is principally engaged in the manufacturing and sale of aluminum foil. The consideration for the Disposal Agreement shall be set off against the loan, which is due to the Purchaser, pursuant to a deed of set off to be executed by the Vendor and the Purchaser upon completion. Details of which, please refer to the announcement and the circular of the Company dated 23 April 2013 and 24 May 2013 respectively. Upon completion, the Group ceased to engage in the manufacturing and sale of aluminum electrolytic capacitors related business and will focus on the manufacturing and sale of LED lighting products and accessories.

Save as disclosed above, during the Period under Review, there was no material acquisition and disposal of subsidiaries and associated companies by the Group.

Corporate governance

Save as described below, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not, in any time for the six months ended 30 June 2013 in due compliance with the code provisions and certain recommended practices (with amendments from time to time) as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer". This is deviated from the code provision A.2.1.

Mr. Li Wing Sang, who acted as the chairman of the Company during the Period under Review, was also responsible for overseeing the general operations of the Group. As the Board would meet regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance of complying with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of chairman and chief executive officer.

FURTHER INFORMATION

Model code set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiry of all directors, the Board has confirmed that all directors have complied with the Model Code for the Period under Review. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Changes of Director's Information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of directors' information of the Company since the date of the 2012 annual financial statements are as follows:

Mr. Li Wing Sang has been appointed as the director of the three subsidiaries of the Company, namely Speedy Marble Limited on 19 April 2013, Tecdoa Energy S.A. on 30 April 2013 and SunTech Lighting Technology Company Limited on 27 May 2013 respectively.

Mr. Chiu Chi Hong has been appointed as the director of the four subsidiaries of the Company, namely Speedy Marble Limited on 6 May 2013, Wei Guang Holdings Limited on 16 May 2013, SunTech Lighting Technology Company Limited on 27 May 2013 and Giga-World Industry Company Limited on 11 June 2013 respectively.

Mr. Tam Tak Wah has been resigned as the independent non-executive director of Goldenway, Inc (stock code: GWYI) on 16 August 2013 which is a company whose common stock are traded in the OTCQB of the United States of America.

With effect from 1 January 2013, the director's emoluments of Mr. Li Wing Sang and Mr. Chiu Chi Hong have been revised to HK$1.8 million (equivalent to approximately RMB1.4 million) per annum and HK$1.6 million (equivalent to approximately RMB1.3 million) per annum respectively, which were determined with reference to the duties and responsibilities of an executive director.

Save as disclosed above, the Company is not aware of other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Audit Committee

The Company established an audit committee on 26 July 2007 with written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee comprises three independent non-executive directors, namely, Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Mr. Tam Tak Wah is the chairman of the audit committee.

The audit committee has reviewed and discussed with the Company's management regarding the Group's unaudited condensed consolidated interim financial statements for the Period under Review and this interim report. The audit committee has confirmed that this interim report is in compliance with all applicable laws and regulations, including but not limited to the Listing Rules.

FURTHER INFORMATION

Remuneration Committee

The Group set up its remuneration committee on 26 July 2007 with written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other employment terms to the directors and other senior management. Currently, the remuneration committee comprises three independent non-executive directors, namely Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Mr. Tam Tak Wah is the chairman of the remuneration committee.

By order of the Board
Li Wing Sang
Chairman

Hong Kong, 20 August 2013