SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

Stock Code : 521

INTERIM REPORT **2013**

CONTENTS

CORPORATE INFORMATION

Board of Directors	Li Shaofeng *(Chairman)* Mung Kin Keung *(Vice Chairman)* Chau Chit *(Managing Director)* Leung Shun Sang, Tony *(Non-executive Director)* Leung Kai Cheung *(Independent Non-executive Director)* Wong Wai Kwan *(Independent Non-executive Director)* Liem Chi Kit, Kevin *(Independent Non-executive Director)*
Executive Committee	Chau Chit *(Chairman)* Li Shaofeng Mung Kin Keung
Audit Committee	Leung Kai Cheung *(Chairman)* Wong Wai Kwan Liem Chi Kit, Kevin
Nomination Committee	Li Shaofeng *(Chairman)* Leung Shun Sang, Tony Leung Kai Cheung Wong Wai Kwan Liem Chi Kit, Kevin
Remuneration Committee	Leung Kai Cheung *(Chairman)* Mung Kin Keung Leung Shun Sang, Tony Wong Wai Kwan Liem Chi Kit, Kevin
Investment Committee	Mung Kin Keung *(Chairman)* Li Shaofeng Chau Chit Leung Shun Sang, Tony Leung Kai Cheung

CORPORATE INFORMATION (continued)

Company Secretary	Cheng Man Ching
Auditor	Deloitte Touche Tohmatsu
Share Registrars	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Registered Office and Principal Place of Business	Units 2606A-2608, 26th Floor Island Place Tower 510 King's Road North Point, Hong Kong
Stock Code	521
Website	www.shougang-tech.com.hk

INTERIM RESULTS

The board of directors (the "Board") of Shougang Concord Technology Holdings Limited (the "Company") is pleased to report the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013. These interim results have been reviewed by the Company's Audit Committee and its Auditor.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
	NOTES	**2013** ***HK$'000*** **(unaudited)**	2012 *HK$'000* (unaudited)
Continuing operations			
Revenue	*3*	**95,759**	103,326
Cost of sales		**(81,023)**	(84,056)
Gross profit		**14,736**	19,270
Other income		**6,490**	4,144
Other expenses		**(6,853)**	–
Other gains and losses	*4*	**(72,246)**	(23,700)
Selling and distribution costs		**(3,276)**	(4,705)
Administrative expenses		**(33,866)**	(40,272)
Finance costs		**(34,244)**	(45,196)
Loss before tax		**(129,259)**	(90,459)
Income tax (expense) credit	*7*	**(10,556)**	595
Loss for the period from continuing operations		**(139,815)**	(89,864)
Discontinued operations			
Loss for the period from discontinued operations	*8*	**(74,343)**	(57,990)
Loss for the period	*9*	**(214,158)**	(147,854)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Exchange difference arising on translation		
Exchange difference on translation of financial statements from functional currency to presentation currency	**38,306**	–
Share of exchange differences of associates	**62**	–
	38,368	–
Items that may be subsequently reclassified to profit or loss:		
Available-for-sale investments		
Fair value loss on available-for-sale investments	**(15,793)**	(12,441)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments	**15,793**	12,441
	–	–
Other comprehensive income for the period	**38,368**	–
Total comprehensive expense for the period	**(175,790)**	(147,854)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2013

	NOTE	Six months ended 30 June **2013** ***HK$'000*** **(unaudited)**	 2012 *HK$'000* (unaudited)
Loss for the period attributable to:			
Loss for the period attributable to the owners of the Company			
– Loss for the period from continuing operations		**(112,400)**	(85,809)
– Loss for the period from discontinued operations		**(74,343)**	(57,990)
		(186,743)	(143,799)
Loss for the period attributable to non-controlling interests:			
– Loss for the period from continuing operations		**(27,415)**	(4,055)
		(214,158)	(147,854)
Total comprehensive expense attributable to:			
Owners of the Company		**(150,487)**	(143,799)
Non-controlling interests		**(25,303)**	(4,055)
		(175,790)	(147,854)
Loss per share			
From continuing and discontinued operations	*11*		
Basic (HK cents)		**(6.94)**	(6.41)
Diluted (HK cents)		**(6.94)**	(6.41)
From continuing operations			
Basic (HK cents)		**(4.18)**	(3.83)
Diluted (HK cents)		**(4.18)**	(3.83)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**12,001**	11,496
Goodwill	13	**–**	70,188
Intangible assets		**3,927**	4,817
Other receivable	14	**37,798**	35,078
Investments in associates		**2,529**	2,467
Available-for-sale investments	15	**7,568**	23,232
Club debentures		**700**	700
		64,523	147,978
Current assets			
Inventories		**11,862**	9,265
Trade and bills receivables	16(a)	**73,079**	42,324
Prepayments, deposits and other receivables	16(b)	**109,324**	103,851
Loan to an investee	16(c)	**82,186**	80,165
Amounts due from customers for contract work	17	**358,365**	439,862
Tax recoverable		**53**	53
Pledged bank deposits		**110,819**	292,864
Bank balances and cash		**26,742**	13,362
		772,430	981,746
Disposal groups classified as held-for-sale	8	**1,429,116**	1,418,587
		2,201,546	2,400,333
Current liabilities			
Trade and bills payables	18(a)	**120,812**	159,553
Other payables, deposits received and accruals	18(b)	**108,517**	55,802
Amounts due to customers for contract work	17	**287**	1,775
Convertible loan notes	20	**236,253**	116,767
Embedded derivative components of convertible loan notes	20	**25,296**	16,144
Tax liabilities		**8,095**	7,008
Borrowings – due within one year	19	**219,779**	421,915
Financial guarantee liabilities	22	**7,058**	6,566
		726,097	785,530
Liabilities associated with disposal groups classified as held-for-sale	8	**522,727**	506,921
		1,248,824	1,292,451
Net current assets		**952,722**	1,107,882
Total assets less current liabilities		**1,017,245**	1,255,860

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2013

	NOTES	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Non-current liabilities			
Convertible loan notes	20	–	95,436
Embedded derivative components of convertible loan notes	20	–	38,143
		–	133,579
Net assets		**1,017,245**	1,122,281
Capital and reserves			
Share capital	21	**673,035**	673,035
Reserves		**249,824**	394,767
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		**15,478**	10,078
Equity attributable to owners of the Company		**938,337**	1,077,880
Non-controlling interests		**78,908**	44,401
Total equity		**1,017,245**	1,122,281

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company												
	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Other reserves *HK$'000* *(Note a)*	Translation reserve *HK$'000*	Capital reserve *HK$'000* *(Note b)*	Investment revaluation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale *HK$'000*	Sub-total *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2012 (audited)	560,535	667,544	2,084	360	77,457	53,690	–	38,938	(227,577)	32,651	1,205,682	54,068	1,259,750
Loss for the period	–	–	–	–	–	–	–	–	(143,799)	–	(143,799)	(4,055)	(147,854)
Available-for-sale investments													
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(12,441)	–	–	–	(12,441)	–	(12,441)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	–	12,441	–	–	–	12,441	–	12,441
Release of amount recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale upon completion of disposal	–	–	–	–	–	–	–	–	22,988	(22,988)	–	–	–
Total comprehensive expenses for the period	–	–	–	–	–	–	–	–	(120,811)	(22,988)	(143,799)	(4,055)	(147,854)
At 30 June 2012 (unaudited)	560,535	667,544	2,084	360	77,457	53,690	–	38,938	(348,388)	9,663	1,061,883	50,013	1,111,896
At 1 January 2013 (audited)	673,035	802,454	2,084	360	81,262	53,690	–	38,614	(583,697)	10,078	1,077,880	44,401	1,122,281
Loss for the period	–	–	–	–	–	–	–	–	(186,743)	–	(186,743)	(27,415)	(214,158)
Exchange difference arising on translation													
Exchange difference on translation of financial statements from functional currency to presentation currency	–	–	–	–	30,794	–	–	–	–	5,400	36,194	2,112	38,306
Share of exchange difference of associates	–	–	–	–	62	–	–	–	–	–	62	–	62
Available-for-sale investments													
Fair value loss an available-for-sale investments	–	–	–	–	–	–	(15,793)	–	–	–	(15,793)	–	(15,793)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	–	15,793	–	–	–	15,793	–	15,793
Total comprehensive income (expense) for the period	–	–	–	–	30,856	–	–	–	(186,743)	5,400	(150,487)	(25,303)	(175,790)
Disposal of partial interest in a subsidiary (note 6)	–	–	–	–	(8,081)	–	–	–	20,240	–	12,159	59,810	71,969
Income tax effect on disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	–	(1,215)	–	(1,215)	–	(1,215)
Subtotal	–	–	–	–	(8,081)	–	–	–	19,025	–	10,944	59,810	70,754
At 30 June 2013 (unaudited)	673,035	802,454	2,084	360	104,037	53,690	–	38,614	(751,415)	15,478	938,337	78,908	1,017,245

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2013

Notes:

(a) Other reserves represent the aggregate amounts of surplus reserve fund and enterprise development fund.

Certain subsidiaries operating in the People's Republic of China (the "PRC") are required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC Generally Accepted Accounting Principles) to the surplus reserve fund until the fund balance reaches 50% of the registered capital of those subsidiaries thereafter any further appropriation is optional and is determinable by the companies' boards of directors. The reserve fund can be used to offset accumulated losses, expand the existing operations or convert into additional capital of the subsidiaries. No such transfer was made during both periods.

These subsidiaries are also required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC Generally Accepted Accounting Principles) to the enterprise development fund. The fund can only be used for development of the enterprise and is not available for distribution to shareholders. No such transfer was made during both periods.

(b) By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium of the Company was reduced by an amount of HK$270,000,000. This amount was used to reduce the Company's accumulated losses of HK$216,310,000 and the balance of HK$53,690,000 was credited to the Company's capital reserve which is non-distributable.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

		Six months ended 30 June	
	NOTES	**2013** **HK$'000** **(unaudited)**	2012 HK$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		**(86,600)**	(51,735)
INVESTING ACTIVITIES			
Placement of pledged bank deposits		**(846)**	(185,182)
Withdrawal of pledged bank deposits		**189,630**	248,651
Purchase of property, plant and equipment		**(20,626)**	(39,287)
Net cash inflow on disposal of subsidiaries	*5(b)*	**–**	51,742
Proceeds from disposal of property, plant and equipment		**1**	702
Settlement of consideration receivable from disposal of subsidiaries in prior years	*5(a),8(b)*	**7,400**	89,846
Deposits received from purchaser relating to disposal group classified as held-for-sale	*8*	**–**	50,000
Advance to Wuxi Ledong Microelectronics Co., Ltd. ("Ledong")		**–**	(79,950)
Interest received		**6,541**	8,338
Other investing activities		**–**	767
NET CASH FROM INVESTING ACTIVITIES		**182,100**	145,627
FINANCING ACTIVITIES			
New bank loans raised		**223,658**	367,934
Loan from a related company		**77,647**	116,400
Proceeds from disposal of partial interest in a subsidiary	*6*	**71,969**	–
Repayments of bank loans		**(375,145)**	(513,651)
Repayments of loan from a related company		**(77,647)**	(54,390)
Repayments of loan from a shareholder		**–**	(17,000)
Repayments of loan from a third party		**–**	(22,140)
NET CASH USED IN FINANCING ACTIVITIES		**(79,518)**	(122,847)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,982**	(28,955)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**13,555**	123,262
Effect of foreign exchange rate changes	**(408)**	–
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**29,129**	94,307
Represent by:		
Bank balances and cash	**26,742**	94,119
Cash and cash equivalents included in a disposal group classified as held-for-sale	**2,387**	188
	29,129	94,307

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated 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 current interim period, the Group has adopted the following new accounting policy in relation to the Call Option (as defined and explained in note 6):

Written call option to non-controlling interest of a subsidiary

Call option written to non-controlling interest, which will be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed amount of the shares in a subsidiary is classified as a derivative. In subsequent periods, the call option is measured at fair value with changes in fair value recognised in profit or loss.

In addition, in the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current period.

New Standards on Consolidation and Disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

New Standards on Consolidation and Disclosures (continued)

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) - Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The Directors of the Company reviewed and assessed the application of these five standards and together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 in the current interim period and concluded that they have had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. In particular, the Directors of the Company have assessed the impact on HKFRS 10 which changes the definition of control over an investee, and concluded that no material effect on the condensed consolidated financial statements. The disclosure requirements in HKFRS 12 will result in more extensive disclosures in the Group's annual consolidated financial statements for the year ending 31 December 2013.

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 financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKFRS 13 *Fair Value Measurement* (continued)

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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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. The application of this HKFRS in the current interim period has had no material effect on the amount reported in these condensed consolidated financial statements. Disclosures of fair value information set out in note 25 are made in accordance with the consequential amendments of HKAS 34 and additional disclosures will be made in the Group's annual consolidated financial statements for the year ending 31 December 2013.

2. PRINCIPAL ACCOUNTING POLICIES (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. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 34 *Interim Financial Reporting* *(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)*

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Segment information is presented in note 3 of the condensed consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the CODM, being the Managing Director of the Company, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Since the second half of 2012, information regarding the sales of light emitted diode products, which was previously reported under "Others", have been provided separately to the CODM for the purposes of resource allocation and performance assessment.

The Group's reportable segments from continuing operations under HKFRS 8 are intelligent information business and sales of light emitted diode products. Consequently, comparative figures for the six months ended 30 June 2012 have been re-presented to reflect the changes of reportable segments in current interim period. Information reported under "Others" for the six months ended 30 June 2012 are mainly attributable to leasing of investment properties which have been disposed of in the second half of 2012.

3. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the six months ended 30 June 2013 (unaudited)

Continuing operations

	Intelligent Information business *HK$'000*	Sales of light emitted diode products *HK$'000*	Total *HK$'000*
SEGMENT REVENUE			
External sales	93,121	2,638	95,759
Segment loss	(90,674)	(3,183)	(93,857)
Unallocated income and gains			4,667
Unallocated expenses			(18,699)
Impairment loss recognised in respect of available-for-sale investments			(15,793)
Gain on fair value change of the derivative components of convertible loan notes			28,991
Loss on issuing financial guarantee contracts			(4,739)
Amortisation of financial guarantee contracts			4,415
Finance costs			(34,244)
Loss before tax (continuing operations)			(129,259)

3. SEGMENT INFORMATION (continued)

(a) Segment revenue and results - (continued)

For the six months ended 30 June 2012 (restated)

Continuing operations

	Intelligent information business	Sales of light emitted diode products	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE				
External sales	99,467	3,859	–	103,326
Segment loss	(8,428)	(12,043)	(705)	(21,176)
Unallocated income and gains				4,309
Unallocated expenses				(15,396)
Decrease in fair value of held-for-trading investments				(100)
Impairment loss recognised in respect of available-for-sale investments				(12,441)
Loss on fair value change of the derivative components of convertible loan notes				(158)
Loss on disposal of subsidiaries				(301)
Finance costs				(45,196)
Loss before tax (continuing operations)				(90,459)

There were no inter-segment sales for the six months ended 30 June 2013 and 2012.

3. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

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

	30 June 2013 ***HK$'000*** **(unaudited)**	31 December 2012 *HK$'000* (audited)
Reportable segment assets		
Intelligent information business	**599,859**	709,457
Sales of light emitted diode products	**6,497**	7,424
Reportable segment liabilities		
Intelligent information business	**165,826**	200,259
Sales of light emitted diode products	**13,791**	16,871

4. OTHER GAINS AND LOSSES

		Six months ended 30 June	
	NOTES	**2013**	2012
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Decrease in fair value of held-for-trading investments		**–**	(100)
Loss on disposal of subsidiaries	*5(b)*	**–**	(301)
Gain (loss) on fair value change of the derivative components of convertible loan notes	*20*	**28,991**	(158)
Impairment loss recognised in respect of goodwill	*13*	**(70,188)**	(4,668)
Impairment loss recognised in respect of other receivables		**(357)**	(3,918)
Impairment loss recognised in respect of trade receivables		**(342)**	(608)
Impairment loss recognised in respect of available-for-sale investments	*15*	**(15,793)**	(12,441)
Impairment loss recognised in respect of amounts due from customers for contract work	*17*	**(13,556)**	(2,244)
Net exchange (loss) gain		**(611)**	292
Loss on issuing financial guarantee contracts	*22*	**(4,739)**	–
Amortisation of financial guarantee contracts		**4,415**	–
Others		**(66)**	446
		(72,246)	(23,700)

5. DISPOSAL OF SUBSIDIARIES

(a) On 26 December 2012, a subsidiary of the Company disposed of its entire 51% equity interest in a subsidiary, Zhejiang Sinostride Energy Saving Technology Co. Limited ("Energy Saving"), to two shareholders of the non-controlling shareholder of Energy Saving at a cash consideration of RMB6,000,000 (equivalent to HK$7,400,000). The disposal was completed on 26 December 2012, on which the date control of Energy Saving is passed to the purchasers. The disposal resulted in a gain of approximately HK$7,978,000 and the consideration was fully settled during the six months ended 30 June 2013.

(b) In December 2011, the Company entered into agreements to sell the entire issued share capital of Santai Electronics Limited ("Santai Electronics") and Aberdeen Investments Limited ("Aberdeen Investments"), wholly-owned subsidiaries of the Group engaging in property investment, for a total cash consideration of RMB53,000,000 (equivalent to approximately HK$64,850,000). Santai Electronics and Aberdeen Investments were sold to China Glory Management Limited and Winteractive Development Limited, respectively. The two purchasers, being wholly-owned subsidiaries of Solartech International Holdings Limited, are independent third parties.

On 22 June 2012, the disposals were completed and the control of Santai Electronics and Aberdeen Investments was passed to the purchasers.

In 2011, the Group received an amount of HK$13,038,000 as part of the cash consideration. Accordingly, the disposal resulted in a net cash inflow of HK$51,742,000 during the six months ended 30 June 2012, after payment of transaction costs amounting to HK$70,000.

In addition, the disposal had resulted in a loss on disposal of HK$301,000 as well as release of property revaluation reserve and translation reserve of HK$22,988,000 in aggregate to accumulated losses.

Details of the above transactions are disclosed in the Group's consolidated financial statements for the year ended 31 December 2012.

6. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

On 7 January 2013, Sino Stride (HK) Limited ("Sino Stride HK"), a wholly-owned subsidiary of the Company, entered into a disposal agreement with the purchaser, Carrier Asia Limited ("Purchaser"), a non-controlling shareholder of Sinostride Technology Company Limited ("SST"), pursuant to which Sino Stride HK agreed to sell to the Purchaser 20% of the registered capital of SST, a subsidiary of Sino Stride HK that is involved in development and provision of system integration solutions, system design and sales of system hardware, for a cash consideration of RMB58,300,000 (equivalent to approximately HK$71,969,000).

The transaction was completed on 17 January 2013, and the Group's equity interest in SST was reduced from 78.5% to 58.5% upon completion. After completion of disposal of SST, the Directors of the Company made an assessment of control over SST and consider that the Group still maintains control over SST in accordance with the new definition of control and the related guidance set out in HKFRS 10.

The partial disposal of SST is accounted for as an equity transaction, resulting in net amount of HK$19,025,000 being recognised in accumulated losses.

Pursuant to the relevant tax laws in the PRC, the Group has provided capital gain tax of approximately HK$4,483,000 arising from the disposal of SST based on 10% of the difference between the cash consideration and 20% of registered capital of SST, of which HK$1,215,000 and HK$3,268,000 is recognised in equity and profit or loss, respectively.

In addition, Sino Stride HK has granted a call option to the Purchaser whereby the Purchaser has a right to acquire up to 75% of the registered capital of SST from Sino Stride HK and/or its affiliates during the period from 1 January 2015 to 31 December 2017 (the "Call Option").

The price for the exercise of the Call Option will be the fair market value of the amount of the equity of SST being purchased at the time the Call Option is exercised. The fair market value will be determined by Sino Stride HK and the Purchaser, or if the parties are unable to agree on such value within 20 days of the date of notice for the exercise of the Call Option, the parties will jointly appoint a reputable accounting firm registered in the PRC to determine the value of the equity being purchased. The fair value of the Call Option at the initial recognition and 30 June 2013 is considered as insignificant.

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
Hong Kong	**–**	21
PRC Enterprise Income Tax ("EIT")	**4,277**	92
	4,277	113
Underprovision in prior periods:		
EIT	**6,279**	–
Deferred tax	**–**	(708)
Income tax expense (credit)	**10,556**	(595)

For the six months ended 30 June 2013, no provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, a principal subsidiary of the Company was entitled to a 50% reduction in the applicable tax rate from 2010 to 2012.

The tax charge in respect of current period (excluding the capital gain tax as disclosed in note 6) represents EIT in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiary in the PRC. The applicable tax rate for the Group's subsidiaries is 25% (2012: ranged from 12.5% to 25%) for the six months ended 30 June 2013.

In addition, a wholly-owned PRC subsidiary of the Group was granted certain tax benefits since 2008 to 2012 while the Directors of the Company have changed the operating plan since 2010 and shrunk its business afterwards. During the six months ended 30 June 2013, the PRC tax authority disallowed the tax benefits previously granted to that subsidiary and an additional tax charge of RMB5,000,000 (approximately HK$6,279,000) was imposed in relation to prior years.

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

The loss for the period from the discontinued operations is analysed as follows:

	30 June 2013 (unaudited)			30 June 2012 (unaudited)		
	DTV Business HK$'000 (Note a)	Photomask Business HK$'000 (Note b)	Total HK$'000	DTV Business HK$'000 (Note a)	Photomask Business HK$'000 (Note b)	Total HK$'000
Revenue	–	–	–	69,593	–	69,593
Cost of sales	(59,610)	–	(59,610)	(55,720)	–	(55,720)
Gross (loss) profit	(59,610)	–	(59,610)	13,873	–	13,873
Other income	1,207	–	1,207	1,341	–	1,341
Other gains and losses	79	–	79	302	–	302
Administrative expenses	(3,697)	–	(3,697)	(3,116)	–	(3,116)
Finance costs	(12,322)	–	(12,322)	(12,400)	–	(12,400)
Other expenses	–	–	–	–	(57,990)	(57,990)
Loss before tax	(74,343)	–	(74,343)	–	(57,990)	(57,990)
Income tax expense	–	–	–	–	–	–
Loss for the period from discontinued operations and attributable to owners of the Company	(74,343)	–	(74,343)	–	(57,990)	(57,990)

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

The assets and liabilities associated with disposal groups classified as held-for-sale are analysed as follows:

	30 June 2013 (unaudited)			31 December 2012 (audited)		
	DTV Business	**Photomask Business**	**Total**	DTV Business	Photomask Business	Total
	HK$'000	**HK$'000**	**HK$'000**	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	***(Note b)***		*(Note a)*	*(Note b)*	
Property, plant and equipment	**773,178**	**–**	**773,178**	785,573	–	785,573
Investment properties	**46,599**	**–**	**46,599**	45,453	–	45,453
Goodwill	**14,011**	**–**	**14,011**	13,667	–	13,667
Intangible assets	**378,713**	**–**	**378,713**	380,054	–	380,054
Trade receivables	**177,732**	**–**	**177,732**	173,361	–	173,361
Prepayments and other receivables	**36,496**	**–**	**36,496**	20,097	–	20,097
Pledged bank balances	**–**	**–**	**–**	189	–	189
Bank balances and cash	**2,387**	**–**	**2,387**	193	–	193
Total assets classified as held-for-sale	**1,429,116**	**–**	**1,429,116**	1,418,587	–	1,418,587
Trade and bills payables	**25,362**	**–**	**25,362**	25,785	–	25,785
Other payables and accruals	**25,587**	**–**	**25,587**	24,858	–	24,858
Tax liabilities	**95,012**	**–**	**95,012**	92,675	–	92,675
Bank borrowings	**376,766**	**–**	**376,766**	313,603	–	313,603
Amounts due to group entities	**974,891**	**–**	**974,891**	959,092	–	959,092
Total liabilities associated with disposal groups classified as held-for-sale	**1,497,618**	**–**	**1,497,618**	1,416,013	–	1,416,013
Deposit received from purchaser relating to disposal *(note)*	**–**	**–**	**–**	50,000	–	50,000

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

	30 June 2013 (unaudited)			31 December 2012 (audited)		
	DTV Business	**Photomask Business**	**Total**	DTV Business	Photomask Business	Total
	HK$'000	**HK$'000**	**HK$'000**	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	***(Note b)***		*(Note a)*	*(Note b)*	
Total liabilities associated with disposal groups classified as held-for-sale	**1,497,618**	**–**	**1,497,618**	1,466,013	–	1,466,013
Less: Amounts due to group entities	**(974,891)**	**–**	**(974,891)**	(959,092)	–	(959,092)
Liabilities associated with disposal groups classified as held-for-sale	**522,727**	**–**	**522,727**	506,921	–	506,921
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	**15,478**	**–**	**15,478**	10,078	–	10,078

For presentation in the condensed consolidated statement of financial position as at 30 June 2013, the amount due to group entities amounting to HK$974,891,000 (31 December 2012: HK$959,092,000) has been excluded from the total liabilities associated with disposals group classified as held-for-sale.

Note: The deposit received from the Purchaser was reclassified from liabilities associated with DTV Disposal Group classified as held-for-sale to other payables as it is refundable to the Purchaser upon the lapse of the disposal of DTV business as details in note 8(a).

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in cost of sales)	**10,850**	10,627
Depreciation of property, plant and equipment	**50,915**	47,226
Bank interest income	**–**	(121)
Rental income from leasing of property, plant and equipment	**(132)**	(207)
Rental income from leasing of investment properties	**(1,075)**	(1,013)

Cash flows for the period from the discontinued operations were as follows:

	DTV Business	**Photomask Business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
30 June 2013 (unaudited)			
Net cash outflows used in operating activities	**(34,117)**	**–**	**(34,117)**
Net cash outflows used in investing activities	**(18,567)**	**–**	**(18,567)**
Net cash inflows from financing activities	**54,878**	**–**	**54,878**
Net cash flows	**2,194**	**–**	**2,194**
30 June 2012 (unaudited)			
Net cash outflows used in operating activities	(14,362)	(57,990)	(72,352)
Net cash outflows used in investing activities	(36,536)	–	(36,536)
Net cash inflows from financing activities	46,730	–	46,730
Net cash flows	(4,168)	(57,990)	(62,158)

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(a) Digital television ("DTV") business

As disclosed in the Company's 2011 and 2012 annual reports, the Company has been advised by Southern Media Corporation, a state-owned enterprise in the PRC, about the reorganisation of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company (the "Reform") which is led by the Steering Group on the Reform of Guangdong Cultural Structure (廣東省文化體制改革工作領導小組). Upon the completion of the Reform, the cable digital broadcasting networks of Guangdong Province will be ultimately owned and operated by Guangdong Broadcasting Network Co., Ltd. (廣東省廣播網絡有限公司) ("Guangdong Network"), a state-owned enterprise in the PRC. As a result, the Group is no longer being able to operate the DTV business and is required to exit the DTV business.

On 23 December 2011, the Group entered into a sale agreement with Hong Kong Guang Hua Resources Investments Company Limited ("Guang Hua"), an independent third party (the "Guang Hua Sales Agreement"), to dispose of its entire interest in South China Digital TV Holdings Limited, Yong Jiang Shi Yang Chun Yijiatong Information Technology Limited, Guangzhou Yijiatong Integrative Information Development Company Limited ("Yijiatong"), South China Digital Equipment Company Limited and South China DTV Technology Development Limited (collectively referred as the "DTV Disposal Group"). The disposal of DTV Disposal Group is subject to the approval of the shareholders of the Company and Guangdong Southern Yinshi Network Media Company Limited ("Southern Yinshi"). On 25 May 2012, the disposal of DTV Disposal Group has been approved by the shareholders of the Company.

At 31 December 2012, the recoverable amount of the DTV Disposal Group, based on the estimated net proceeds from the disposal pursuant to the Guang Hua Sales Agreement, is expected to exceed the carrying amounts of the DTV Disposal Group and accordingly, no impairment loss has been recognised. As disclosed in the Company's announcement dated 2 July 2013, the approval from Southern Yinshi had not yet been obtained. The Group and Guang Hua could not agree upon extension of the time for fulfilment or waiver of such approval. As a result, the Guang Hua Sales Agreement lapsed on 30 June 2013.

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(a) DTV business (continued)

Due to the delay in completing the disposal, the Directors of the Company initiated discussion with Guangdong Network and are now actively seeking for other potential buyers for the disposal of the DTV Disposal Group. In current interim period, Guangdong Network, Yijiatong and another state-owned enterprise jointly engaged a valuer in the PRC to perform valuation of the DTV Disposal Group. There is no formal sales agreement and no valuation of the DTV Disposal Group has been concluded as at the date of this report. The Directors of the Company are still committed to sell the DTV Disposal Group and consider the disposal transaction remains highly probable as the policy of the Reform remains unchanged and the Reform is still ongoing. Therefore, the DTV Disposal Group is continued to be classified as held-for-sale in the condensed consolidated statement of financial position as at 30 June 2013.

As at 30 June 2013, the net assets value of the DTV Disposal Group included in the condensed consolidated financial statements (the "Net Assets Value of the DTV Disposal Group") amounted to HK$906,389,000 and the Directors of the Company are confident that the recoverable amount of the DTV Disposal Group would not be less than the Net Assets Value of the DTV Disposal Group.

(i) Revenue

As mentioned above, the Group is no longer able to operate the DTV business under the existing structure and no longer entitled to own the operation rights in providing multi-media information services based on cabled DTV network in the Guangdong Province in return of certain percentage of technical service income generated from Southern Yinshi and local DTV project companies. During the six months ended 30 June 2012, the Group entered into an agreement with Southern Yinshi whereby Southern Yinshi agreed to pay an amount of HK$69,593,000 (approximately RMB56,580,000) to the DTV Disposal Group for its DTV equipment and technical services provided and rendered to local DTV project companies for serving its cable television subscribers (collectively referred to as "Provision of DTV Technical Services and Leasing of DTV Equipment") for the six months ended 30 June 2012. Subsequent to 30 June 2012, there was no agreement entered with Southern Yinshi in relation to the Provision of DTV Technical Services and Leasing of DTV Equipment and no additional income was recognised.

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(a) DTV business (continued)

(ii) Property, plant and equipment

During the six months ended 30 June 2013, DTV Disposal Group acquired property, plant and equipment of approximately HK$18,756,000 (six months ended 30 June 2012: HK$37,598,000).

(iii) Investment properties at fair value

The fair values of the DTV business investment properties at 30 June 2013 have been estimated by the Directors of the Company with reference to recent market prices for similar properties in similar locations and conditions.

The fair value of the DTV business investment properties at 31 December 2012 have been arrived at on the basis of a valuation carried out on that date by Messrs. Guangdong Junghua Assets & Real Estate Appraisal Co., Ltd. ("Guangdong Junghua"), independent qualified professional valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions.

All of the DTV business properties interests held under leasehold interest to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

(iv) Trade receivables

An aged analysis of the trade receivables at the end of the reporting period, based on invoice date, is as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
181 – 365 days	**–**	69,780
1 – 2 years	**177,732**	103,581
	177,732	173,361

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(a) DTV business (continued)

(v) Trade and bills payables

An aged analysis of the trade and bills payables associated with DTV Disposal Group classified as held-for-sale at the end of the reporting period based on the invoice date is as follows:

	30 June 2013 *HK$'000* (unaudited)	31 December 2012 *HK$'000* (audited)
0 – 90 days	**23,533**	21,651
91 – 180 days	**30**	980
181 – 365 days	**1,399**	2,542
1 – 2 years	**395**	607
Over 2 years	**5**	5
	25,362	25,785

(vi) Bank borrowings

	30 June 2013 *HK$'000* (unaudited)	31 December 2012 *HK$'000* (audited)
Bank borrowings	**376,766**	313,603
Secured	**101,127**	44,744
Unsecured	**275,639**	268,859
	376,766	313,603

During the six months ended 30 June 2013, the DTV Disposal Group obtained new bank borrowings amounting to approximately HK$67,436,000 (six months ended 30 June 2012: HK$2,460,000) and also repaid bank borrowings amounting to approximately HK$12,558,000 (six months ended 30 June 2012: HK$40,590,000).

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(a) DTV business (continued)

(vi) Bank borrowings (continued)

The borrowings of the DTV Disposal Group are variable-rate borrowings bearing interest at two to five years benchmark interest of the People's Bank of China ("PBOC") with 10% to 20% mark-up per annum and are repayable within three years. The secured borrowings are pledged by the investment properties and property, plant and equipment of the DTV Disposal Group.

(b) Remarkable business

On 27 April 2009, a subsidiary of the Company entered into a sale agreement to dispose of its entire interest in Remarkable Mask Technology Company Limited ("Remarkable"), a wholly-owned subsidiary of the Group, which carried out all of the Group's manufacture and sale of photomask products business, to an independent third party at a consideration of US$42,000,000. The fair value of the consideration at initial recognition amounted to approximately HK$319,914,000 by using a discount rate of 4% by reference to the prevailing market borrowing rate.

The disposal was completed on 11 June 2009, on which date control of Remarkable was passed to the purchaser. The photomask business has been classified as discontinued operations in 2009. Details are set out in the Group's consolidated financial statements for the year ended 31 December 2009.

Pursuant to the sale and purchase agreement on disposal of Remarkable, the Group is obliged to deliver, install and complete the testing and inspection of equipment to ensure that the equipment are in good conditions ("Obligation").

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (continued)

(b) Remarkable business (continued)

In order to meet this Obligation, the Directors of the Company previously estimated that the Group would need to incur expenditure (primarily staff costs) amounted to HK$50,000,000 for meeting the Obligation. As at 31 December 2011, the provision was fully utilised and the Group had further incurred expenditure amounted to HK$11,445,000 in 2011 for meeting the Obligation. The Directors of the Company determined that no further provision was required as at 31 December 2011 as the Directors of the Company considered that no significant cost would be incurred for meeting the Obligation up to the date of completion of testing and inspection of equipment.

In 2012, certain equipment of Remarkable was damaged due to a sudden breakdown of electricity supply in the factory area where the equipment was being tested. Hence, the Group engaged Grand Award Limited, an independent third party, to assist in repairing the equipment and to complete the testing and inspection works. The equipment's inspection reports have subsequently been finalised and issued which had since expedited the Group's ability to recover the outstanding receivable on disposal of Remarkable. The additional costs of HK$57,990,000 were incurred for meeting the Obligation which were charged to profit or loss and included in the loss for the year from discontinued operations in 2012.

During the six months ended 30 June 2012, an amount of US$11,559,000 (equivalent to HK$89,846,000) was received. The remaining consideration receivable was subsequently settled in the six months ended 31 December 2012. Details of the transaction are set out in the Group's consolidated financial statements for the year ended 31 December 2012.

9. LOSS FOR THE PERIOD

Loss for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Amortisation of intangible assets	**1,004**	1,323
Depreciation of property, plant and equipment	**1,547**	2,067
Total depreciation and amortisation	**2,551**	3,390
Research and development expenses (included in other expenses)	**2,872**	–
Penalties charged by PRC State Administration of Foreign Exchange (included in other expenses) *(note)*	**3,981**	–
Loss (gain) on disposal of property, plant and equipment	**98**	(432)
Bank interest income	**(4,666)**	(4,144)
Imputed interest income in respect of other receivable *(note 14)*	**(1,824)**	–

Note: During the six months ended 30 June 2013, a penalty charge of approximately HK$3,981,000 was imposed to the Group due to non-compliance of Regulations on Foreign Exchange System of PRC in relation to designate use of capital injection of a wholly-owned subsidiary in PRC and the amount was fully settled during the current interim period.

10. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The Directors of the Company do not declare an interim dividend.

11. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**186,743**	143,799

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,692,141**	2,242,141

11. LOSS PER SHARE (continued)

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss figures are calculated as follows:		
Loss for the period attributable to the owners of the Company	**186,743**	143,799
Less: Loss for the period from discontinued operations attributable to the owners of the Company	**74,343**	57,990
Loss for the purposes of basic and diluted loss per share from continuing operations	**112,400**	85,809

The denominators used are the same as those detailed above for both basic and diluted loss per share.

The computation of diluted loss per share does not assume exercise of share options and conversion of convertible loan notes for the six months ended 30 June 2013 and 2012 because the assumed conversion of convertible loan notes and the effect of the share options of the Company would result in decrease in loss per share from continuing operations.

11. LOSS PER SHARE (continued)

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK2.76 cents per share (2012: HK2.58 cents).

The calculations of basic and diluted loss per share from discontinued operations attributable to the owners of the Company are based on the following data:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the purposes of basic and diluted loss per share attributable to owners of the Company	**74,343**	57,990

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2013, the Group incurred approximately HK$1,870,000 (2012: HK$1,689,000) on acquisition of property, plant and equipment to operate its businesses under continuing operations.

For the six months ended 30 June 2013, the Group disposed of certain equipment with an aggregate carrying amount of HK$99,000 (2012: HK$270,000) for cash proceeds of HK$1,000 (2012: HK$702,000), resulting in a loss on disposal of HK$98,000 (2012: gain on disposal of HK$432,000).

13. GOODWILL

For the purpose of impairment testing, goodwill has been allocated to one cash generating unit (CGU), comprising a subsidiary in the intelligent information business segment, SST.

Goodwill of HK$14,011,000 (31 December 2012: HK$13,667,000) relating to DTV business was classified as held for sale as at 30 June 2013 as detailed in note 8.

In reassessing the goodwill impairment for the period ended 30 June 2013, the Directors of the Company expect that the development of the intelligent information business will slow down and the future revenue to be generated from SST is expected to decline due to the potential tightening of spending in relation to intellectual properties by certain government related entities. As such, the estimated future cash inflows of SST have been revised accordingly.

The recoverable amount of SST has been determined on the basis of value in use. The value in use calculation is based on financial budgets prepared and approved by the Directors of the Company covering a one and a half year period immediately before 1 January 2015, which is the earliest date that the Call Option could be exercised by the Purchaser to acquire up to 75% of registered capital of SST. The exercise price of the Call Option is estimated based on a financial budget covering the three and a half year period from 1 January 2015 to 30 June 2018 prepared by the Directors of the Company and cash flows beyond 30 June 2018 are extrapolated using a steady annual growth rate of 3%. A discount rate of 15.40% is used. In preparing the financial budgets, the Directors of the Company revised the estimated revenue by approximately 30% for the next one and half year ending 31 December 2014. All cash flow projections are prepared based on the expected gross margin which is determined based on the past performance of SST and the expectation of the market development.

During the year ended 31 December 2012, the recoverable amount of SST was determined using the basis of value in use calculation and based on certain key assumptions. The value in use calculation was based on cash flow projections prepared from financial budgets approved by the Directors of the Company covering a 5-year period, and a discount rate of 13.82%. Cash flows beyond the 5-year period are extrapolated using 3% steady growth rate. For the year ended 31 December 2012, the Directors of the Company have determined that there is no impairment on the goodwill as the recoverable amount of SST (being the CGU to which the goodwill has been allocated) is excess of the aggregate carrying amount of SST.

Based on the assessment, the Group made a full impairment loss on goodwill of HK$70,188,000 (six months ended 30 June 2012: HK$4,668,000), for the six months ended 30 June 2013.

14. OTHER RECEIVABLE

The amount originally represented deposit paid to acquire a commercial property in the PRC for owner occupation pursuant to an agreement entered into between the Group and an independent third party 浙江華海實業有限公司 ("the Developer") dated 11 February 2010 ("Agreement"). The deposit carried interest at 10% per annum. Pursuant to the Agreement, if the transfer is not completed within five years from 11 February 2010, the Group has the right to request for refund of the deposit from the Developer.

In August 2012, the Developer informed the Group that the government body may not issue the official premises permit for that property and orally agreed to refund the deposit to the Group in 2015. Taking into account the financial position of the Developer, the Group estimated the future cash flows to be recovered from the Developer in respect of the deposit and overdue interest, and considered that an impairment loss of HK$13,400,000, computed using the original effective rate of 10% per annum, should be made in profit or loss in the second half of 2012. For the six months ended 30 June 2013, the Group recognised imputed interest income of HK$1,824,000 (six months ended 30 June 2012: nil) in profit or loss and reported under other income.

15. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 **HK$'000** **(unaudited)**	31 December 2012 HK$'000 (audited)
Unlisted equity investments:		
– Measure at fair value *(note a)*	**2,323**	18,116
– Measure at cost less impairment *(note b)*	**5,245**	5,116
	7,568	23,232

Notes:

(a) It represents the Group's 19% equity interest in Success East Investment Limited ("Success East"), an entity incorporated in Hong Kong and principally involved in investment in securities, which is measured at fair value.

The fair value of interest in Success East as at 30 June 2013 continued to decline and it is mainly attributable to the impairment loss of certain financial assets held by Success East. For the six months ended 30 June 2013, further impairment loss of HK$15,793,000 (six months ended 30 June 2012: HK$12,441,000) is recognised in profit or loss.

(b) It included the Group's 19% equity interest in Wuxi Remarkable Mask Limited ("Wuxi Remarkable"), a company registered in the PRC.

At 30 June 2013, the investment in Wuxi Remarkable is stated at cost amounting to HK$4,348,000 (31 December 2012: HK$4,241,000) as the Directors of the Company consider that the fair value cannot be measured reliably. No impairment is considered as necessary at 30 June 2013.

16. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Trade and bills receivables

Trading terms with customers are principally on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable in the range of 90 days to 2 years of issuance. Each customer has a designated credit limit.

An aged analysis of the trade and bills receivables at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
0 – 90 days	**17,875**	26,756
91 – 180 days	**49,232**	7,473
181 – 365 days	**5,972**	1,722
1 – 2 years	**–**	6,373
	73,079	42,324

(b) Prepayments, deposits and other receivables

At 30 June 2013, the balance mainly included advances to suppliers in relation to intelligent information business of HK$59,815,000 and deposit for projects for intelligent information business of HK$30,679,000.

At 31 December 2012, the balance mainly included advances to suppliers in relation to intelligent information business of HK$54,512,000, deposit for projects for intelligent information business of HK$25,690,000 and a cash consideration of RMB6,000,000 (equivalent to HK$7,400,000) arising from disposal of a subsidiary (note 5(a)).

(c) Loan to an investee

Shenzhen Tiger Information Technology Development Co., Ltd. (深圳市泰格信息科技開發有限公司) ("Tiger Information"), a wholly-owned subsidiary of the Group, entered into a loan agreement with Ledong pursuant to which Tiger Information provided a loan of RMB65,000,000 to Ledong, which in turn was lent to Wuxi Remarkable as a shareholder's loan for the development of its photomask project in the PRC. Such loan is unsecured, non-interest bearing and repayable within one year. In the opinion of the Directors of the Company, the loan is expected to be recovered within one year.

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	30 June 2013 ***HK$'000*** **(unaudited)**	31 December 2012 *HK$'000* (audited)
THE GROUP		
Contract costs incurred plus recognised profits less recognised losses	**1,521,243**	1,873,322
Less: Progress billings	**(1,163,165)**	(1,435,235)
	358,078	438,087
Analysed for reporting purposes as:		
Amounts due from contract customers	**358,365**	439,862
Amounts due to contract customers	**(287)**	(1,775)
	358,078	438,087

At 30 June 2013, certain contract work amounting to approximately HK$8,504,000 (31 December 2012: HK$9,921,000) is pending for final billing upon the issuance of certified completion reports by the customers. The amounts were included in amounts due from customers for contract work. At 30 June 2013, retentions held by customers for contract works of approximately HK$967,000 (31 December 2012: HK$906,000) were included in other receivables. There is no advance received from customers for contract work before the commencement of the contract. In the opinion of the Directors of the Company, the amounts are expected to be realised in the next twelve months from the end of the reporting period.

Based on the assessment of the Directors of the Company, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing nor issuance of certified completion reports, as such the related carrying amounts of contract works are not probable to recover. For the six months ended 30 June 2013, an impairment loss of amounts due from customers for contract work approximately HK$13,556,000 (six months ended 30 June 2012: HK$2,244,000) was recognised.

18. TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

(a) Trade and bills payables

An aged analysis of the trade and bills payables at the end of the reporting period, based on invoice date, is as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**26,828**	69,640
91 – 180 days	**1,619**	17,415
181 – 365 days	**39,451**	5,121
1 – 2 years	**12,501**	23,943
Over 2 years	**40,413**	43,434
	120,812	159,553

(b) Other payables, deposits received and accruals

At 31 December 2012, the balance mainly represented value added tax payable in relation to intelligent information business as well as accrued staff costs. At 30 June 2013, the balance also included the deposit received from purchaser related to the disposal of the DTV business of HK$50,000,000.

19. BORROWINGS

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
Bank borrowings	**219,779**	421,915
Secured	**49,211**	270,219
Unsecured	**170,568**	151,696
	219,779	421,915

During the six months ended 30 June 2013, the Group obtained new bank and other borrowings from a related party (note 24) amounting to approximately HK$156,222,000 and HK$77,647,000 respectively (six months ended 30 June 2012: HK$365,474,000 and HK$116,400,000 respectively) and also repaid bank and other borrowings amounting to approximately HK$362,587,000 and HK$77,647,000 respectively (six months ended 30 June 2012: HK$473,061,000 and HK$93,530,000 respectively).

At 30 June 2013, the effective interest rates (which are also equal to contracted interest rates) ranged from 5.88% to 6.94% (31 December 2012: 7.05% to 9.51%) per annum for fixed-rate borrowings and from 2.49% to 6.44% (31 December 2012: 2.53% to 7.17%) per annum for variable-rate borrowings.

The variable-rate borrowings bear interest at one-year benchmark interest rate of the PBOC with 10% to 15% mark-up per annum and London Interbank Offered Rate plus 2.3% per annum.

The secured borrowings are pledged by bank deposits and bills receivables and all borrowings at 30 June 2013 are repayable within 1 year.

20. CONVERTIBLE LOAN NOTES

The movements of the debt component and the derivative components (including conversion option derivative, bondholder's early redemption option derivative and compulsory conversion option derivative) of the convertible loan note for the six months ended 30 June 2013 and 2012 are as follows:

	30 June 2013		30 June 2012	
	Debt components *HK$'000*	**Derivative components** *HK$'000*	Debt components *HK$'000*	Derivative components *HK$'000*
At 1 January (audited)	**212,203**	**54,287**	323,438	63,567
Interest charge	**23,928**	**–**	30,220	–
Exchange realignment	**122**	**–**	(113)	–
(Gain) loss arising on changes of fair value	**–**	**(28,991)**	–	158
At 30 June (unaudited)	**236,253**	**25,296**	353,545	63,725

On 5 June 2009, the Company issued a convertible bond for a principal amount of US$15,000,000 (equivalent to approximately HK$116,250,000) ("Convertible Bond II") to an independent third party, Templeton Strategic Emerging Markets Fund III, LDC. Details of the major terms of the Convertible Bond II are disclosed in the Group's annual financial statements for the year ended 31 December 2012.

Binomial model is used for valuation of the derivative components of Convertible Bond II. The major inputs into the model were as follows:

	30 June 2013	31 December 2012
Stock price	**HK$0.37**	HK$0.49
Exercise price	**HK$0.60**	HK$0.60
Volatility *(Note)*	**47%**	51%
Dividend yield	**0%**	0%
Option life	**0.92 year**	1.42 years
Risk free rate	**0.16%**	0.2%

Note: The volatility used in the model was determined with reference to the average of the Company and comparable companies' historical volatility.

20. CONVERTIBLE LOAN NOTES (continued)

As at 30 June 2013, the carrying amount of the debt component of the Convertible Bond II is approximately HK$133,707,000 (31 December 2012: HK$116,767,000) and the fair value of the derivative component of Convertible Bond II is approximately HK$10,382,000 (31 December 2012: HK$16,144,000). At 30 June 2013 and 31 December 2012, the Convertible Bond II is classified as current liabilities. No conversion was noted for the six months ended 30 June 2013 and 2012.

On 11 April 2011, the Company issued a new convertible bond for a principal amount of HK$360,000,000 ("Convertible Bond III") to seven independent third parties. Details of the major terms of the Convertible Bond III are disclosed in the Group's annual financial statements for the year ended 31 December 2012.

Binomial model is used for valuation of the derivative components of Convertible Bond III. The major inputs into the model were as follows:

	30 June 2013	31 December 2012
Stock price	**HK$0.37**	HK$0.49
Exercise price	**HK$0.45**	HK$0.45
Volatility *(Note)*	**62%**	46%
Dividend yield	**0%**	0%
Option life	**0.78 year**	1.28 years
Risk free rate	**0.17%**	0.03%

Note: The volatility used in the model was determined with reference to the average of the Company and comparable companies' historical volatility.

As at 30 June 2013, the principal amount remains outstanding is HK$112,500,000 (31 December 2012: HK$112,500,000). The carrying amount of the debt component of Convertible Bond III is approximately HK$102,546,000 (31 December 2012: HK$95,436,000) and the fair value of the derivative component of the Convertible Bond III is approximately HK$14,914,000 (31 December 2012: HK$38,143,000). At 30 June 2013, the Convertible Bond III has been classified as current liabilities (31 December 2012: non-current liabilities). No conversion was noted for the six months ended 30 June 2013 and 2012.

21. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Ordinary shares of HK$0.25 each		
Authorised:		
At 1 January 2012 and 31 December 2012	4,000,000,000	1,000,000
Increase on 18 June 2013 *(Note a)*	16,000,000,000	4,000,000
At 30 June 2013	20,000,000,000	5,000,000
Issued and fully paid:		
At 1 January 2012	2,242,141,179	560,535
Exercise of conversion option of a convertible loan note *(Note b)*	450,000,000	112,500
At 31 December 2012 and 30 June 2013	2,692,141,179	673,035

Notes:

a. On 18 June 2013, the shareholders of the Company approved the increase in the authorised share capital of the Company from HK$1,000,000,000 divided into 4,000,000,000 ordinary shares to HK$5,000,000,000 divided into 20,000,000,000 ordinary shares.

b. On 22 and 27 November 2012, the Company allotted and issued 200,000,000 and 250,000,000 shares, respectively at a price of HK$0.45 each to the holders of Convertible Bond III. The new shares rank pari passu with the existing shares in all respects.

22. CONTINGENT LIABILITIES

	30 June 2013 ***HK$'000*** **(unaudited)**	31 December 2012 *HK$'000* (audited)
Guarantee given to banks, in respect of banking facilities to third parties		
– amount that could be required to be paid if the guarantee was called upon in entirety	**143,509**	148,613
– amount utilised	**116,325**	104,214

The Group entered into a cross guarantee arrangement with third parties whereby the third parties have also provided guarantee to banks in respect of SST's banking facilities as at 30 June 2013 and 31 December 2012.

During the six months ended 30 June 2013, the Group has provided additional or renewed the existing financial guarantees to the third parties and fair value of these financial guarantees is approximately HK$4,739,000 at initial recognition based on valuation performed by an independent valuer, Messrs. Jones Lang LaSalle Corporate Appraisal and Advisory Limited. At the end of the reporting period, an amount of HK$7,058,000 (31 December 2012: HK$6,566,000) has been included in the condensed consolidated statement of financial position as liabilities. At 30 June 2013, no provision for financial guarantee contracts has been made as the Directors of the Company consider that the default risk of borrowers is low.

23. SHARE-BASED PAYMENTS

On 29 May 2012, the Company terminated the share options scheme adopted on 7 June 2002 (the "2002 Scheme") and a new share option scheme (the "2012 Scheme") which was adopted at the annual general meeting held on 25 May 2012 became effective. Details of the 2002 Scheme and 2012 Scheme are disclosed in the Group's consolidated financial statements for the year ended 31 December 2012.

During the six months ended 30 June 2013 and 2012, no share option was granted, lapsed, forfeited or exercised under the 2012 Scheme.

The movement of the share options granted under the 2002 Scheme are as follows:

	Number of share options
Outstanding as at 1 January 2012	283,518,810
Lapsed/forfeited during the year	(47,146,000)
Outstanding as at 31 December 2012 and 1 January 2013	236,372,810
Lapsed during the period *(note)*	(17,269,000)
Outstanding as at 30 June 2013	219,103,810

Note: These share options were granted on 14 March 2003 and lapsed upon expiry of exercisable period.

24. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with PRC government-related entities

The Group operates in an economic environment currently pre-denominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Shougang Holding (Hong Kong) Limited ("Shougang Holding") is a substantial shareholder with significant influence over the Company. Shougang Holding is a wholly-owned subsidiary of Shougang Corporation, a state-owned enterprise under the direct supervision of the State Council of the PRC. Apart from the transactions with Shougang Holding and its subsidiaries (collectively referred to the "Shougang HK Group") (which are disclosed below), the Group also conducts businesses with other PRC government-related entities in the ordinary course of business.

(i) Transactions with related parties

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Shougang HK Group		
– Management fees paid	**330**	330
– Interest expenses paid	**797**	2,787

For the six months ended 30 June 2013, the Group obtained loans from Shougang HK Group of HK$77,647,000 (six months ended 30 June 2012: HK$116,400,000). The borrowings were fully settled with interest expenses of HK$797,000 (six months ended 30 June 2012: HK$2,787,000) during the six months ended 30 June 2013.

24. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with PRC government-related entities (continued)

(ii) Transactions with Southern Yinshi

In 2010, the Group entered into a cooperation arrangement with local DTV project companies and Southern Yinshi, a PRC government-related entity, to jointly operate a platform in the Guangdong Province for the provision of multi-media information services based on a cabled DTV network.

As described in note 8(a), the Group is no longer entitled to receive the technical service income. Southern Yinshi agreed to pay an amount of HK$69,593,000 for the Provision of DTV Technical Services and Leasing of DTV Equipment rendered by the DTV Disposal Group to the local DTV project companies and Southern Yinshi for the six months ended 30 June 2012.

As at 30 June 2013, trade receivable due from Southern Yinshi amounting to approximately HK$177,732,000 (31 December 2012: HK$173,361,000) is included in DTV Disposal Group classified as held-for-sale in note 8(a).

(iii) Transactions with other PRC government-related entities

The Group has entered into various transactions, including deposit placements, borrowings and other general banking facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In addition, significant portion of revenue from intelligent information business is derived from certain government-related entities. In view of the nature of these transactions, the Directors of the Company are of the opinion that separate disclosure would not be meaningful.

24. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions and balances with non-PRC government-related entities

(i) The following guarantee was provided to banks to secure general banking facilities granted to the Group:

Guarantor	Relationship	Type of guarantee	Guarantee amount	
			30 June 2013	31 December 2012
			HK$'000	*HK$'000*
			(unaudited)	(audited)
Mr. Chau Chit	Director of the Company	Personal guarantee	**18,966**	49,332

(ii) Compensation of key management personnel

The remuneration of key management members, who are the executive directors of the Group during the periods, is as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short term benefits	**3,586**	2,388
Post-employment benefits	**120**	120
	3,706	2,508

The remuneration of executive directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

25. FAIR VALUE MEASUREMENTS

Fair value of the Group's material financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's material financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. FAIR VALUE MEASUREMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	Financial assets/ financial liabilities	Fair value as at 30 June 2013 (unaudited)	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1)	Unlisted equity securities classified as available-for-sale investments	19% equity interest in Success East engaged in investment in securities – HK$2,323,000	Level 2	Net assets value* The key inputs are: Quoted bid prices in an active market and receivable from a broker	N/A	N/A
2)	Embedded derivative components of convertible loan notes**	Embedded derivative components of convertible loan notes – HK$25,296,000 in relation to the aggregate amount of Convertible Bond II – HK$10,382,000 and Convertible Bond III – HK$14,914,000	Level 3	Binomial method The key inputs are: stock price, exercise price, volatility, dividend yield, risk free rate and option life	Volatility of 47% and 62% is applied in Convertible Bond II and Convertible Bond III respectively by reference to the average of the Company and comparable companies' historical volatility.	The higher volatility, the higher the fair value.

Notes:

* Success East is incorporated in Hong Kong and principally involved in investment in securities. The Directors of the Company are of the opinion that the carrying amount of net assets value approximate to the fair values of available-for-sale investments as the major assets of Success East are listed securities which stated at fair value as at the end of the reporting period and receivable from a broker, while the Company has no material liabilities held at the end of the reporting period.

** If the volatility to the valuation model was 10% higher or lower while all the other variables were held constant, the carrying amount of the embedded derivatives would increase by HK$2,870,000 or decrease by HK$2,901,000.

If the share price to the valuation model was 10% higher or lower while all the other variables were held constant, the carrying amount of the embedded derivatives would increase by HK$6,042,000 or decrease by HK$3,758,000.

In management's opinion, the sensitivity analysis above is unrepresentative as the pricing model used in the valuation of these embedded derivatives involves multiple variables and certain variables are interdependent.

25. FAIR VALUE MEASUREMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Except as detailed in the following table, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. The fair values of debt components of Convertible Bond II and Convertible Bond III are derived using discounted cash flow at an appropriate debt yield from comparable bonds in the markets.

	30 June 2013 (unaudited)		31 December 2012 (audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Financial liabilities				
Convertible loan notes	**236,253**	**252,041**	212,203	232,564

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2013.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Derivative components of convertible loan notes
	HK$'000
Carrying amount at 1 January 2013	54,287
Gain arising on changes of fair value *(Note 4)*	(28,991)
Carrying amount at 30 June 2013	25,296

25. FAIR VALUE MEASUREMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities (continued)

Of the total gains or losses for the period included in profit or loss, HK$28,991,000 relates to derivative components of convertible loan notes held at the end of the reporting period. Fair value gains or losses on financial liabilities at fair value through profit or loss are included in 'other gains and losses'.

The Directors of Company determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of convertible loan notes, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of convertible loan notes designated at fair value through profit or loss. The Directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. In determining the valuation assumptions and inputs, the Directors of the Company take into account the market-observable data as well as factors specific to the Group's convertible loan notes, as follows:

- Dividend yield - estimated based on the historical dividend yield of the Company at the end of the reporting period;
- Risk free rate - referenced to Hong Kong Government 10 years exchange fund note at the end of the reporting period; and
- Volatility - estimated based on the average of the Company and comparable companies' historical volatility.

For the Group's available-for-sale investments measured at fair value at the end of the reporting period, the Group estimates the fair value by taking into account the availability of quoted market price in an active market in respect of listed securities held by the investee.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

Deloitte.
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TO THE BOARD OF DIRECTORS OF
SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED
首長科技集團有限公司
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Shougang Concord Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 57, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 8(a) to the condensed consolidated financial statements which describes the sales agreement entered into between the Group and Hong Kong Guang Hua Resources Investments Company Limited, an independent third party, in relation to the disposal of certain subsidiaries of the Group (collectively referred as the "DTV Disposal Group") which lapsed on 30 June 2013. The Directors of the Company are now actively seeking for other potential buyers for the disposal of the DTV Disposal Group. The Directors of the Company consider the disposal transaction remains highly probable and are confident that the recoverable amount of the DTV Disposal Group would not be less than the net assets value of the DTV Disposal Group of HK$906,389,000 included in the condensed consolidated financial statements as at 30 June 2013. However, no formal sales agreement or valuation in relation to the DTV Disposal Group has been concluded as at the date of this report.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 August 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover from continuing operations for the six months ended 30 June 2013 amounted to HK$95.8 million (six months ended 30 June 2012: HK$103.3 million). Loss attributable to the owners of the Company for the period amounted to HK$186.7 million (six months ended 30 June 2012: HK$143.8 million), analysed as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Loss from continuing operations	**(112,400)**	(85,809)
Loss from discontinued operations:		
– Digital television business services	**(74,343)**	–
– Photomask business	**–**	(57,990)
	(74,343)	(57,990)
Loss attributable to the owners of the Company for the period	**(186,743)**	(143,799)

Basic loss per share of the Group are as follows:

	Six months ended 30 June	
	2013	2012
	HK cents	*HK cents*
Basic loss per share from continuing operations	**(4.18)**	(3.83)
Basic loss per share from discontinued operations	**(2.76)**	(2.58)
Basic loss per share from continuing and discontinued operations of the Group	**(6.94)**	(6.41)

As at 30 June 2013, the Group's equity attributable to the owners of the Company amounted to HK$938.3 million, representing a decrease of HK$139.6 million over the figure as at 31 December 2012 of HK$1,077.9 million. The net assets value per share attributable to the owners of the Company as at 30 June 2013 was HK$0.35 (31 December 2012: HK$0.40).

Financial Review

Revenue, cost of sales and gross profit from continuing operations

Revenue from continuing operations for the period decreased by HK$7.5 million (7.3%) compared to same period in prior year, which is mainly attributable to the decrease in revenue from intelligent information business with further details disclosed in "SEGMENT INFORMATION" below. Gross profit ratio dropped from 18.6% in prior period to 15.4% in current period, which was mainly attributable to slightly lower profit margin earned from projects of intelligent information business.

Loss for the period from continuing operations attributable to the owners of the Company

Loss for the period from continuing operations attributable to the owners of the Company increased by HK$26.6 million (31.0%) compared to prior year. The main reason for the increase in loss was due to the provision of full impairment loss on goodwill for intelligent information business of HK$70.2 million during the period (provision of impairment loss on goodwill for the six months ended 30 June 2012 was HK$4.7 million), with further details disclosed in "SEGMENT INFORMATION" below. During the period, the decrease in fair value of embedded derivative components of convertible loan notes of HK$29.0 million (increase in fair value of HK$0.2 million for the six months ended 30 June 2012) set off certain amount of loss.

Loss for the period from discontinued operations attributable to the owners of the Company

Loss for the period from discontinued operations attributable to the owners of the Company increased by HK$16.4 million (28.2%) compared to prior year. Discontinued operations included digital television business and photomask business.

Loss attributable to digital television business increased by HK$74.3 million, which was mainly due to receipt of income of HK$69.6 million from the provision of digital television equipment to Guangdong Southern Yinshi Network Media Company Limited ("Southern Yinshi") during the first half of 2012 but ceased to receive the same subsequent to 30 June 2012.

Loss attributable to photomask business decreased by HK$58.0 million, which was mainly due to the provision in connection with the delivery of photomask machinery of HK$58.0 million during the first half of 2012 but there was no relevant expenses during the current period.

Segment Information

Intelligent information business

Intelligent information business refers to the development and provision of system integration solutions, system design and sale of system hardware. As there was a slowdown in the economy of China, intelligent information business incurred a loss. The turnover and operating losses of intelligent information business for the period reached HK$93.1 million (six months ended 30 June 2012: HK$99.5 million) and HK$90.7 million (six months ended 30 June 2012: HK$8.4 million), respectively.

The significant increase in loss was primarily due to the provision of full impairment loss on goodwill for intelligent information business of HK$70.2 million. The impairment was recognised by the Group in view of recent policies adopted by the State to strengthen approvals on the construction of new buildings. As such, the budget and management over application of funds were also tightened for the construction of new projects. Banks also reduced their financing over such projects lately to control the risks. Being affected by these factors, the number of projects contracted and the contracted amount of intelligent information business both decreased during the period, and the progress on the projects also slowed down. Therefore, the Group anticipates that the business volume and the sales amount will fall accordingly in the coming years.

The Group will actively explore more sectors to market this business so as to accelerate its development and to ensure its expansion continuously in the long-term.

Digital television business services

The turnover and total loss of digital television business for the period were nil (six months ended 30 June 2012: HK$69.6 million) and HK$74.3 million (six months ended 30 June 2012: nil), respectively. The significant fall in turnover and the huge rise in loss were mainly due to receipt of income of HK$69.6 million from the provision of digital television equipment to Southern Yinshi during the first half of 2012 but ceased to receive the same subsequent to 30 June 2012.

Reference to the announcement dated 2 July 2013, the outstanding condition for the completion of the disposal of digital television business, the obtainment of the approval of Southern Yinshi, is yet to be fulfilled or waived, the Group and the purchaser could not agree upon extension of the time for fulfilment or waiver of such condition. As a result, the disposal was lapsed. The Group is still looking for new purchasers and negotiating with them about the terms.

Segment Information (continued)

Sales of light emitted diode products and others

During the period, the turnover and operating loss of sales of light emitted diode products and others segments amounted to HK$2.6 million (six months ended 30 June 2012: HK$3.9 million) and HK$3.2 million (six months ended 30 June 2012: HK$12.7 million) respectively.

Prospect

The Group is currently focusing the resources in intelligent information business. The Group will also actively explore new businesses for investments and development so as to bring better return to shareholders in the future.

Liquidity and Financial Resources

The financial leverage of the Group as at 30 June 2013, as compared to 31 December 2012 is summarised below:

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
Total debt		
– from bank	**219,779**	421,915
– from convertible loan notes	**236,253**	212,203
Sub-total	**456,032**	634,118
Pledged bank deposits	**(110,819)**	(292,864)
Cash and bank deposits	**(26,742)**	(13,362)
Net debt	**318,471**	327,892
Total capital (equity and total debt)	**1,394,369**	1,711,998
Total assets	**2,266,069**	2,548,311
Financial leverage		
– net debt to total capital	**22.8%**	19.2%
– net debt to total assets	**14.1%**	12.9%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financing Activities

During the period, the Group has raised new borrowings of HK$301.3 million from banks and a related company of HK$223.7 million and HK$77.6 million respectively, to provide working capital for the Group.

Capital Structure

As at 30 June 2013, the number of shares in issue and issued share capital of the Company were 2,692,141,179 (31 December 2012: 2,692,141,179) and approximately HK$673.0 million (31 December 2012: HK$673.0 million) respectively.

Charge on Assets

As at 30 June 2013, assets pledged to banks to secure banking facilities (including bank borrowings and bills payables) granted to the Group are as follows:

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
Investment properties	**46,599**	45,453
Buildings	**11,107**	10,903
Bank deposits	**110,819**	293,053
Bills receivables	**1,264**	–
Total	**169,789**	349,409

As at 30 June 2013, among assets pledged, investment properties of HK$46.6 million (31 December 2012: HK$45.5 million), buildings of HK$11.1 million (31 December 2012: HK$10.9 million), and pledged bank deposits of nil (31 December 2012: HK$0.2 million) were classified as disposal group held-for-sale.

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operation results of the Group may be affected by the volatility of Renminbi. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2013, there were no derivative financial instruments employed by the Group.

Material Acquisition, Disposals, Significant Investment and Future Plans of Material Investment

Reference to the announcement dated 2 July 2013, the disposal of digital television business was lapsed, with further details disclosed in "SEGMENT INFORMATION" above.

On 7 January 2013, Sino Stride (HK) Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement with the purchaser, Carrier Asia Limited, pursuant to which Sino Stride (HK) Limited agreed to sell 20% of the registered capital of Sinostride Technology Co., Ltd. at a consideration of RMB58.3 million (equivalent to approximately HK$72.0 million). This disposal was completed during the period and the Group had already received the entire consideration. Details of the disposal were set out in the circular of the Company dated 9 May 2013. Upon the completion of the transaction, the percentage of shareholding held by the Group in Sinostride Technology Co., Ltd. reduced from 78.5% to 58.5%.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Contingent Liabilities

As at 30 June 2013, the contingent liabilities of the Group were arisen from cross guarantees of HK$143.5 million (31 December 2012: HK$148.6 million) for credit facilities granted to certain third parties, and the amount utilised was HK$116.3 million (31 December 2012: HK$104.2 million).

Employees and Remuneration Policies

The Group had a total of 290 employees as at 30 June 2013.

The remuneration policies of the Group are to ensure the remuneration package as a whole is fair and competitive, so as to motivate and retain current employees as well as to attract potential ones. The determination of these remuneration packages have already been taken into account carefully, amongst others, practices at under different local geographical locations in which the Group operate. The employees' remuneration packages are comprised of salaries, discretionary bonuses, together with retirement schemes, medical insurances and share options to form a part of such welfare benefits.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2013 (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the period under review.

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

The Directors of the Company who held office at 30 June 2013 had the following interests in the shares and underlying shares of the Company as at 30 June 2013 as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity in which interests were held	Number of shares/underlying shares in the Company			Total interests as to % of the issued share capital of the Company as at 30.06.2013
		Interests in shares	Derivatives interests*	Total interests	
Li Shaofeng	Beneficial owner	–	21,000,000	21,000,000	0.78%
Mung Kin Keung ("Mr. Mung")	Beneficial owner, interests of controlled corporations	449,137,480$^{\Delta}$	21,000,000	470,137,480	17.46%
Chau Chit ("Mr. Chau")	Beneficial owner, interests of a controlled corporation	316,598,000#	21,750,000	338,348,000	12.56%
Leung Shun Sang, Tony	Beneficial owner	20,000,000	15,423,810	35,423,810	1.31%
Leung Kai Cheung	Beneficial owner	1,714,000	1,800,000	3,514,000	0.13%

* *The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 7 June 2002 (the "2002 Scheme"). Upon exercise of the share options in accordance with the 2002 Scheme, ordinary shares of HK$0.25 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Options" below.*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Long positions in the shares and underlying shares of the Company (continued)

Δ *Mr. Mung, who is also a substantial shareholder of the Company, indicated in his disclosure form dated 28 January 2013 (being the latest disclosure form filed up to 30 June 2013) that as at 25 January 2013, his interests included 1,888,000 shares of the Company held by Mega Way International Ltd. ("Mega Way") and 447,249,480 shares of the Company held by China Review Property Group Limited ("China Review").*

Mega Way was a wholly-owned subsidiary of Mastermind Capital Limited which was held as to 35.49% by China Tian Di Xing Logistics Holdings Limited ("China Tian Di Xing"). China Tian Di Xing was held as to 99.99% by Mr. Mung.

China Review was wholly-owned by Mr. Mung. The interest held by China Review is disclosed under the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" below.

Mr. Chau, who is also a substantial shareholder of the Company, indicated in his disclosure form dated 28 November 2012 (being the latest disclosure form filed up to 30 June 2013) that as at 27 November 2012, his interests included 301,160,000 shares of the Company held by Mega Start Limited ("Mega Start") which was wholly-owned by Mr. Chau. The interest held by Mega Start is disclosed under the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" below.

Save as disclosed above, as at 30 June 2013, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those disclosed in this section and the section headed "Share Options", no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives (including their spouses or children under 18 years of age) during the six months ended 30 June 2013.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2013, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares/underlying shares of the Company

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares	Interests as to % of the issued share capital of the Company as at 30.06.2013	*Note(s)*
Shougang Holding (Hong Kong) Limited ("Shougang Holding")	Interests of controlled corporations	401,559,220	14.91%	*1*
Asset Resort Holdings Limited ("Asset Resort")	Beneficial owner	231,515,151	8.59%	*1*
Wheeling Holdings Limited ("Wheeling")	Beneficial owner, interests of controlled corporations	170,044,069	6.31%	*1*
China Review Property Group Limited	Beneficial owner	447,249,480	16.61%	*2*
Mega Start Limited	Beneficial owner	301,160,000	11.18%	*3*
Expert China Investments Limited	Beneficial owner	188,800,000	7.01%	
Templeton Asset Management Ltd.	Investment manager	193,749,999	7.19%	*4*
Link Chance Investment Limited	Beneficial owner	200,000,000	7.42%	*5*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares/underlying shares of the Company (continued)

Notes:

1. Shougang Holding indicated in its disclosure form dated 28 November 2012 (being the latest disclosure form filed up to 30 June 2013) that as at 27 November 2012, its interests included the interests held by Asset Resort and Wheeling respectively, both were wholly-owned subsidiaries of Shougang Holding.

2. China Review was wholly-owned by Mr. Mung, a director of the Company, and its interest is disclosed as the interest of Mr. Mung under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

3. Mega Start was wholly-owned by Mr. Chau, a director of the Company, and its interest is disclosed as the interest of Mr. Chau under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

4. The interest was physically settled unlisted derivatives which were zero coupon convertible bond due 2014 issued by the Company pursuant to the subscription agreement dated 13 May 2009 in the principal amount of US$15,000,000. The initial conversion price of the said convertible bond is HK$0.60 per share (subject to adjustment).

5. The interest was physically settled unlisted derivatives which were 1.5% convertible bond due 2014 issued by the Company pursuant to the subscription agreement dated 3 March 2011 with an aggregate principal amount of HK$360,000,000. The initial conversion price of the said convertible bond is HK$0.45 per share (subject to adjustment).

Save as disclosed above, as at 30 June 2013, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTIONS

On 7 June 2002, the shareholders of the Company adopted the 2002 Scheme which would be valid for a period of ten years. On 25 May 2012, the shareholders of the Company approved the termination of the 2002 Scheme (to the effect that no further share option shall be granted by the Company under the 2002 Scheme) and the adoption of a new share option scheme (the "2012 Scheme"), which became effective on 29 May 2012 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2012 Scheme. The share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

Particulars of share options in relation to each of the 2002 Scheme and the 2012 Scheme during the period are set out below:

(a) The 2002 Scheme

No share option was granted, exercised or cancelled in accordance with the terms of the 2002 Scheme during the six months ended 30 June 2013. Details of movements in the share options under the 2002 Scheme during the period are as follows:

	Options to subscribe for shares of the Company							
Category or name of grantees	At the beginning of the period	Transferred to other category during the period	Transferred from other category during the period	Lapsed during the period	At the end of the period	Date of grant	Exercise period	Exercise price per share
Directors of the Company								
Li Shaofeng	21,000,000	–	–	–	21,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
Mung Kin Keung	10,000,000	–	–	–	10,000,000	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596
	11,000,000	–	–	–	11,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
	21,000,000	–	–	–	21,000,000			
Chau Chit	10,000,000	–	–	–	10,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	8,750,000	–	–	–	8,750,000	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596
	3,000,000	–	–	–	3,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
	21,750,000	–	–	–	21,750,000			
Leung Shun Sang, Tony	3,200,000	–	–	(3,200,000)[1]	–	14.03.2003	14.03.2003 – 13.03.2013	HK$0.495
	423,810	–	–	–	423,810	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406
	15,000,000	–	–	–	15,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	18,623,810	–	–	(3,200,000)	15,423,810			

SHARE OPTIONS (continued)

(a) The 2002 Scheme (continued)

	Options to subscribe for shares of the Company							
Category or name of grantees	At the beginning of the period	Transferred to other category during the period	Transferred from other category during the period	Lapsed during the period	At the end of the period	Date of grant	Exercise period	Exercise price per share
Directors of the Company (continued)								
Wong Kun Kim	1,714,000	(1,714,000)[2]	–	–	–	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406
	1,800,000	(1,800,000)[2]	–	–	–	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	3,514,000	(3,514,000)	–	–	–			
Leung Kai Cheung	1,800,000	–	–	–	1,800,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	87,687,810	(3,514,000)	–	(3,200,000)	80,973,810			
Employees of the Group	4,000,000	–	–	–	4,000,000	18.03.2004	18.03.2004 – 17.03.2014	HK$1.200
	79,000,000	–	–	–	79,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	83,000,000	–	–	–	83,000,000			
Other participants	14,069,000	–	–	(14,069,000)[1]	–	14.03.2003	14.03.2003 – 13.03.2013	HK$0.495
	11,982,000	–	–	–	11,982,000	18.03.2004	18.03.2004 – 17.03.2014	HK$1.200
	10,434,000	–	1,714,000[2]	–	12,148,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406
	29,200,000	–	1,800,000[2]	–	31,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	65,685,000	–	3,514,000	(14,069,000)	55,130,000			
	236,372,810	(3,514,000)	3,514,000	(17,269,000)	219,103,810			

Notes:

1. The share options lapsed on 14 March 2013, being the expiry date of the relevant option period.

2. Mr. Wong Kun Kim retired as a Director of the Company from the conclusion of the annual general meeting of the Company held on 18 June 2013. The Board approved the extension of the exercise periods for the share options held by Mr. Wong up to 18 January 2017 and 21 January 2018 respectively. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the period.

(b) The 2012 Scheme

No share option has been granted under the 2012 Scheme since its adoption.

AUDIT COMMITTEE

The Company has engaged the Auditor to assist the Audit Committee to review the 2013 interim results of the Group. A meeting of the Audit Committee was held with the Auditor and the management of the Company on 21 August 2013 for, amongst other things, reviewing the interim results of the Group for the six months ended 30 June 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2013.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the six months ended 30 June 2013.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The followings are the changes in the information of Directors since the date of the 2012 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

(a) Mr. Leung Kai Cheung, an Independent Non-executive Director of the Company, was appointed as the chairman of the Audit Committee of the Company from the conclusion of the annual general meeting of the Company held on 18 June 2013.

(b) Mr. Chau, the Managing Director of the Company, was appointed as an executive director and the chairman of Karce International Holdings Company Limited, a company listed in Hong Kong, on 22 July 2013.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

By Order of the Board
Li Shaofeng
Chairman

Hong Kong, 28 August 2013