



中国安芯控股有限公司

Anxin-China Holdings Limited

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司
Stock Code 股份代號: 1149

2014 中期報告
Interim Report

中國安芯 安心中國
Anxin-China, your safety is our business

CONTENTS

Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Financial Position
Condensed Consolidated Statement of Changes in Equity
Condensed Consolidated Statement of Cash Flows
Notes to the Condensed Consolidated Financial Statements
Management Discussion and Analysis
Other Information
Appreciation

目錄

簡明綜合全面收益表	2
簡明綜合財務狀況表	3
簡明綜合權益變動表	5
簡明綜合現金流量表	6
簡明綜合財務報表附註	7
管理層討論及分析	33
其他資料	46
致謝	56

The board of directors (the “Board”) of Anxin-China Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014, together with comparative figures for the corresponding period in 2013.

中國安芯控股有限公司(「本公司»)董事會(「董事會»)宣佈·本公司及其附屬公司(「本集團»)截至二零一四年六月三十日止六個月之未經審核簡明綜合業績·連同二零一三年同期之比較數字。

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

簡明綜合全面收益表

截至二零一四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
		Note 附註	
Turnover	營業收入	5	45,913
Cost of sales	營業成本		(69,952)
Gross (loss)/profit	毛(損)/利		(24,039)
Other revenue	其他收入		18,866
Other gains and (losses)	其他收益及(虧損)	6	11,793
Selling and distribution costs	銷售及市場推廣開支		40,097
Administrative expenses	管理費用		(31,542)
Research and development expenses	研發費用		(11,542)
Finance costs	財務費用		-
Profit before income tax expense	除所得稅費用前營業利潤	7	3,633
Income tax credit/(expense)	所得稅抵免/(費用)	8	4,870
Profit for the period	本期間利潤		8,503
Profit for the period attributable to:	以下應佔本期間利潤:		
- Owners of the Company	- 本公司股東		8,988
- Non-controlling interests	- 非控股權益		(485)
			8,503
Other comprehensive income	其他綜合收益		
Items that may be reclassified subsequently to profit or loss	可能其後重新分類至損益之項目		
- Exchange differences on translation of foreign operations	- 換算海外業務產生之匯兌差額		(103,083)
Total comprehensive income for the period	本期間綜合收入總額		(94,580)
Total comprehensive income for the period attributable to:	以下應佔本期間綜合收入總額:		
- Owners of the Company	- 本公司股東		(94,030)
- Non-controlling interests	- 非控股權益		(550)
			(94,580)
EARNINGS PER SHARE	每股盈利	9	
- Basic (HK cents)	- 基本(港幣仙)		0.29
- Diluted (HK cents)	- 攤薄(港幣仙)		0.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

簡明綜合財務狀況表

於二零一四年六月三十日

			As at 30 June 2014	As at 31 December 2013
			於二零一四年 六月三十日 (Unaudited) (未經審核)	於二零一三年 十二月三十一日 (Audited) (經審核)
		Note 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		118,511	127,826
Goodwill	商譽	11	1,213,251	1,277,018
Other intangible assets	其他無形資產	12	560,092	606,358
Deferred tax assets	遞延稅項資產		4,684	4,122
Total non-current assets	非流動資產總額		1,896,538	2,015,324
Current assets	流動資產			
Inventories	存貨		40,737	24,228
Trade and other receivables	應收賬款及 其他應收款項	13	125,840	213,745
Loans to third parties	提供予第三方之貸款	14	152,498	-
Restricted bank deposits	受限制銀行存款		1,085	1,085
Cash and cash equivalents	現金及現金等值		2,088,643	2,249,038
Total current assets	流動資產總額		2,408,803	2,488,096
Total assets	資產總值		4,305,341	4,503,420
Current liabilities	流動負債			
Trade and other payables	應付賬款及 其他應付款項	15	222,969	89,498
Contingent consideration shares	或然代價股份	16	-	124,915
Promissory note	承兌票據	17	-	87,510
Current tax liabilities	流動稅項負債		657	8,543
Total current liabilities	流動負債總額		223,626	310,466
Net current assets	流動資產淨值		2,185,177	2,177,630
Total assets less current liabilities	資產總值減流動負債		4,081,715	4,192,954

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

As at 30 June 2014

簡明綜合財務狀況表 (續)

於二零一四年六月三十日

			As at 30 June 2014	As at 31 December 2013
			於二零一四年 六月三十日 (Unaudited) (未經審核)	於二零一三年 十二月三十一日 (Audited) (經審核)
		<i>Note</i> <i>附註</i>	HK\$'000 港幣千元	HK\$'000 港幣千元
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債		75,214	87,885
Total non-current liabilities	非流動負債總額		75,214	87,885
Total liabilities	負債總額		298,840	398,351
NET ASSETS	資產淨值		4,006,501	4,105,069
Capital and reserves attributable to owners of the Company	歸屬於本公司股東的資本及儲備			
Share capital	股本	18	306,099	301,021
Reserves	儲備		3,698,160	3,801,256
Equity attributable to owners of the Company	歸屬於本公司股東的權益		4,004,259	4,102,277
Non-controlling interests	非控股權益		2,242	2,792
TOTAL EQUITY	權益總額		4,006,501	4,105,069

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

簡明綜合權益變動表

截至二零一四年六月三十日止六個月

		Share Capital	Shares to be issued	Share premium	Shares held for share award scheme	Capital reserve	Statutory reserve	Share-based payment reserve	Special reserve	Share option reserve	Foreign exchange reserve	Retained profits	Proposed final dividend	Equity attributable to equity holders of the Company	Non-controlling interests	Total
		股本	將予發行之股份	股份溢價	持有之股份獎勵計劃	股本儲備	法定儲備	儲備	特別儲備	購股權儲備	換算儲備	保留溢利	末期股息	應佔權益	非控股權益	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2013 (audited)	於二零一三年一月一日 (經審核)	282,616	-	1,653,846	-	14,911	24,473	28,795	19,608	74,853	176,181	1,032,752	101,827	3,409,862	-	3,409,862
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	-	421,996	-	421,996	-	421,996
Other comprehensive income for the period	本期間其他全面收入	-	-	-	-	-	-	-	-	-	59,858	-	-	59,858	-	59,858
Total comprehensive income for the period	本期間全面收入總額	-	-	-	-	-	-	-	-	-	59,858	421,996	-	481,854	-	481,854
Issue of new shares on exercise of share options	於行使購股權時發行新股份	1,691	-	33,471	-	-	-	-	-	(9,806)	-	-	-	25,356	-	25,356
Shares purchased for share award scheme	就股份獎勵計劃購買之股份	-	-	-	(19,815)	-	-	-	-	-	-	-	-	(19,815)	-	(19,815)
Issue of new shares	發行新股份	4,062	-	64,184	-	-	-	-	-	-	-	-	-	68,246	-	68,246
Purchase of own shares for cancellation	因註銷購買本身股份	(220)	-	(3,355)	-	-	-	-	-	-	-	-	-	(3,575)	-	(3,575)
Equity-settled share-based payment expenses	以股權結算的股份支付開支	-	-	-	-	-	-	19,197	-	-	-	-	-	19,197	-	19,197
Share option expenses	購股權開支	-	-	-	-	-	-	-	-	8,724	-	-	-	8,724	-	8,724
Proceed from exercise of share options	行使購股權之所得款項	-	26,250	-	-	-	-	-	-	-	-	-	-	26,250	-	26,250
2012 final dividend relating to purchased award shares	有關購買獎勵股份之二零一二年末期股息	-	-	435	-	-	-	-	-	-	-	-	-	435	-	435
Distribution of 2012 final dividends	分派二零一二年末期股息	-	-	(1,455)	-	-	-	-	-	-	-	-	(101,827)	(103,282)	-	(103,282)
At 30 June 2013 (unaudited)	於二零一三年六月三十日 (未經審核)	288,149	26,250	1,747,126	(19,815)	14,911	24,473	47,992	19,608	73,771	236,039	1,454,748	-	3,913,252	-	3,913,252
At 1 January 2014 (audited)	於二零一四年一月一日 (經審核)	301,021	1,965,378	(19,815)	14,911	31,097	46,072	19,608	6,641	288,894	1,418,368	30,102	4,102,277	2,792	4,105,069	
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	8,988	-	8,988	(485)	8,503	
Other comprehensive income for the period	本期間其他全面收入	-	-	-	-	-	-	-	-	(103,018)	-	-	(103,018)	(65)	(103,083)	
Total comprehensive income for the period	本期間全面收入總額	-	-	-	-	-	-	-	-	(103,018)	8,988	-	(94,030)	(550)	(94,580)	
Issue of new shares	發行新股份	5,078	55,348	-	-	-	-	-	-	-	-	-	-	60,426	-	60,426
Reversal of equity-settled share-based payment expenses	以股權結算的股份支付開支撥回	-	-	-	-	-	(46,072)	-	-	-	-	-	-	(46,072)	-	(46,072)
Share option expenses	購股權開支	-	-	-	-	-	-	-	12,147	-	-	-	-	12,147	-	12,147
2013 final dividend relating to purchased award shares	有關購買獎勵股份之二零一三年末期股息	-	121	-	-	-	-	-	-	-	-	-	-	121	-	121
Distribution of 2013 final dividends	分派二零一三年末期股息	-	(508)	-	-	-	-	-	-	-	-	(30,102)	(30,610)	-	(30,610)	
At 30 June 2014 (unaudited)	於二零一四年六月三十日 (未經審核)	306,099	2,020,339	(19,815)	14,911	31,097	-	19,608	18,788	185,876	1,427,356	-	4,004,259	2,242	4,006,501	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

簡明綜合現金流量表

截至二零一四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	13,954	342,369
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(194,306)	(13,555)
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資活動所得現金淨額	76,031	28,216
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS AT 1 JANUARY	現金及現金等值 (減少)/增加淨額 於一月一日之現金及現金等值	(104,321)	357,030
Effect of exchange rate changes on cash and cash equivalents	匯率變動對現金及現金 等值之影響	2,249,038	1,580,697
		(56,074)	26,668
CASH AND CASH EQUIVALENTS AT 30 JUNE	於六月三十日之現金及 現金等值	2,088,643	1,964,395
Analysis of the balance of cash and cash equivalents cash and bank balances	現金及現金等值之結餘分析 現金及銀行結餘	2,088,643	1,964,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL

Anxin-China Holdings Limited (“the Company”) is a limited liability company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Effective from 26 June 2014, its principal place of business has been changed to Units 2001-2003, 20th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of system hardware and application software for installation of Intelligent Surveillance, Disaster Alert & Rescue Coordination (“ISD”) Systems and Intelligent Safety Systems (“ISS”), provision of system solutions services and the design, development, production and distribution of security and protection products, surveillance cameras and Closed Circuit Television (“CCTV”) products.

The condensed consolidated interim financial information are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of Anxin-China Holdings Limited and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 (the “Interim Financial Information”) have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

簡明綜合財務報表附註

截至二零一四年六月三十日止六個月

1. 一般資料

中國安芯控股有限公司（「本公司」）為在開曼群島註冊成立之有限公司，其股份在香港聯合交易所有限公司上市。本公司之註冊辦事處之地址為 P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands。自二零一四年六月二十六日起，其主要營業地點已更改為香港灣仔港灣道25號海港中心20樓2001-2003室。

本公司為一間投資控股公司。其附屬公司主要從事銷售以安裝智能監測預警應急救援指揮調度（「ISD」）系統及智能安全系統（「ISS」）之系統硬件及應用軟件、提供系統解決方案服務及安防產品、監視器及閉路電視（「閉路電視」）產品之設計、開發、生產及分銷業務。

除另有註明外，該等簡明綜合中期財務資料以港幣千元（港幣千元）為呈列單位。

2. 編製基準

中國安芯控股有限公司及其附屬公司（統稱「本集團」）截至二零一四年六月三十日止六個月之未經審核簡明綜合中期財務資料（「中期財務資料」）乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16之適用披露規定及香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」編製。

2. BASIS OF PREPARATION (continued)

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information includes selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2013. The Interim Financial Information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. HKFRSs include all applicable HKFRSs, HKASs and related interpretations and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has been prepared on the historical cost basis except for the valuation of certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those adopted in the annual financial statements for the year ended 31 December 2013.

The Group has adopted all new and revised HKFRSs that are relevant to the Group and are effective for accounting periods beginning on 1 January 2014. The adoption of new and revised HKFRSs has no material effect on the Interim Financial Information.

2. 編製基準 (續)

編製符合香港會計準則第34號之中期財務資料要求管理層作出判斷、估計和假設，而有關判斷、估計和假設會影響政策之應用及該年度截至報告日期止資產與負債及收入與支出之報告數額。實際結果或會與該等估計有所不同。

中期財務資料載有選定的解釋附註。該等附註載有若干事件和交易的說明，對於了解本集團自二零一三年十二月三十一日以來財務狀況和表現方面的變動乃屬重要。中期財務資料及其中所載的附註並未載有根據香港會計師公會頒佈的香港財務報告準則（「香港財務報告準則」）的要求編製完整財務報表所需的一切資料。香港財務報告準則包括所有適用的香港財務報告準則、香港會計準則和相關詮釋，並須與截至二零一三年十二月三十一日止年度的本集團綜合財務報表一併閱讀。

3. 主要會計政策

除若干金融工具（其按公允價值計量（倘適用））之估值外，中期財務資料乃以歷史成本基準編製。

編製中期財務資料所採納之會計政策及計算方式，與編製截至二零一三年十二月三十一日止年度之年度財務報表所用者一致。

本集團已採納與本集團相關之所有新訂及經修訂香港財務報告準則，自二零一四年一月一日開始之會計期間生效。採納新訂及經修訂香港財務報告準則對中期財務資料不會產生重大影響。

3. PRINCIPAL ACCOUNTING POLICIES

(continued)

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
Amendments to HKAS 16	Property, Plant and Equipment ³
Amendments to HKAS 38	Intangible Assets ³
HKFRS 9	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective date of 1 January 2017

⁵ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors anticipate that the application of these new/revised HKFRSs will have no material impact on the results and financial position of the Group.

4. SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker (i.e. the board of directors) for the purposes of assessing segment performance and allocating resources.

3. 主要會計政策 (續)

下列可能與本集團之財務報表相關之新訂／經修訂香港財務報告準則已經頒佈惟並無生效及尚未由本集團提早採納。

香港財務報告準則 (修訂本)	二零一零年至二零一二年 週期之年度改進 ²
香港財務報告準則 (修訂本)	二零一一年至二零一三年 週期之年度改進 ¹
香港會計準則 第16號之修訂	物業、廠房及設備 ³
香港會計準則 第38號之修訂	無形資產 ³
香港財務報告準則 第9號	金融工具 ⁵
香港財務報告準則 第15號	來自客戶合同之收益 ⁴

¹ 於二零一四年七月一日或之後開始之年度期間生效

² 於二零一四年七月一日或之後開始之年度期間或對於該日或之後發生之交易生效

³ 於二零一六年一月一日或之後開始之年度期間生效

⁴ 於二零一七年一月一日之日期生效

⁵ 可供應用－強制生效日期將於香港財務報告準則第9號的尚待確實階段落實後釐定

本集團正在評估該等新訂／經修訂香港財務報告準則之潛在影響，而董事預期應用該等新訂／經修訂香港財務報告準則不會對本集團之業績及財務狀況產生重大影響。

4. 分部資料

本集團按主要營運決策者（即董事會）所審閱以評估分部表現及分配資源之報告釐定其經營分部。

4. SEGMENT INFORMATION *(continued)*

The Group has two reportable segments which are managed separately as each business requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- | | | |
|------------------------|---|--|
| (i) ISD system segment | – | ISD is an acronym standing for “Intelligent Surveillance, Disaster Alert and Rescue Co-ordination”. It involves the setting up of a dedicated communications platform using Internet-of-things technologies, through which industrial safety parameters, such as content in a coal mine, oil pressure in an oil depot, etc, are transmitted from industrial enterprises to the Local Government Monitoring Center. The Group's revenue from this segment is primarily derived from local government authorities or sub-contractors of local government authorities as well as service charges received for ongoing systems maintenance services. |
| (i) ISD系統分部 | – | ISD為英文「Intelligent Surveillance, Disaster Alert and Rescue Co-ordination」的簡稱。該系統是一個利用物聯網技術所建立的專用通訊平台，通過該通訊平台將工業安全指標（例如煤礦中的含量、油庫中的油壓等），由工業企業傳送至當地政府的監控中心。本集團來自該分部之收益主要源自於當地政府機構或當地政府機構的分包商以及就運行中之系統維護服務收取之服務費用。 |
| (ii) ISS segment | – | ISS is an acronym standing for “Intelligent Safety Systems”. The Group's revenue from this segment is primarily derived from the sales of software, hardware and equipment, primary hardware and equipment, such as surveillance cameras, CCTV products and sensors, to enterprises/governments for the purpose of ensuring industrial/public safety. |
| (ii) 智能安全系統(ISS) 分部 | – | 智能安全系統(ISS)為英文「Intelligent Safety Systems」的簡稱。本集團來自該分部之收益主要源自向企業／政府出售為保障工業／公眾安全之軟件、硬件及設備、主要硬件及設備，例如監視器、閉路電視產品及傳感器。 |

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

4. 分部資料 (續)

本集團有兩個呈報分部，而由於各業務要求不同的業務策略，各分部單獨管理。下表概述本集團各呈報分部之運營：

分部之間交易經參考就類似訂單向外部客戶收取之價格定價。由於在計量主要經營決策者用以評估分部表現之分部溢利時，中央開支不予計入，故並無分配至經營分部。

4. SEGMENT INFORMATION (continued)

Segment information for the period is set out below:

4. 分部資料 (續)

期內之分部資料載列如下：

	ISD system segment ISD系統分部		ISS segment 智能安全系統分部		Elimination 扣除		Total 合計	
	Six months ended 30 June 截至六月三十日止六個月	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元	Six months ended 30 June 截至六月三十日止六個月	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元	Six months ended 30 June 截至六月三十日止六個月	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元	Six months ended 30 June 截至六月三十日止六個月	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Revenue from external customers 來自外部客戶之收益	43,722	513,741	2,191	12,374	-	-	45,913	526,115
Segment profits or (losses) 分部溢利或(虧損)	7,544	455,734	(59,887)	(30,973)	-	-	(52,343)	424,761
Interest income 利息收入	4,103	3,745	11	25	-	-	4,114	3,770
Income tax (credit)/expense 所得稅(抵免)/費用	(1,169)	5,130	(3,701)	(2,039)	-	-	(4,870)	3,091
Additions to non-current assets 添置非流動資產	43,586	35,845	20	1,137	-	-	43,606	36,982
Impairment of goodwill 商譽減值	(15,903)	-	(16,348)	(9,111)	-	-	(32,251)	(9,111)
Impairment of other intangible assets 其他無形資產減值	-	-	(15,403)	-	-	-	(15,403)	-
Depreciation and amortisation 折舊及攤銷	(47,586)	(42,402)	(21,289)	(13,101)	-	-	(68,875)	(55,503)

Reconciliations of reportable segment profit or loss:

呈報分部之溢利或虧損之對賬：

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Segment (loss)/profit	分部(虧損)/溢利	(52,343)	424,761
Other revenue	其他收入	2,039	286
Fair value changes on contingent consideration shares	或然代價股份之公允價值變動	64,489	9,953
Exchange (loss)/gain, net	匯兌(虧損)/收益淨額	(545)	2,088
Finance costs	財務費用	-	(4,310)
Unallocated corporate expenses	未分配企業開支	(10,007)	(7,691)
Consolidated profit before income tax expense	除所得稅費用前綜合營業利潤	3,633	425,087

4. SEGMENT INFORMATION (continued)

Geographical Information

The directors of the Group consider that the Group's condensed consolidated revenue and substantially all of its condensed consolidated results are attributable to the market in the PRC. The Group's condensed consolidated non-current assets are substantially located in the PRC. Accordingly, no geographical information is presented.

Information about major customers

For the six months ended 30 June 2014, 4 customers of the ISD system segment had sales of HK\$13,530,000 and HK\$12,010,000, HK\$6,056,000 and HK\$5,234,000 respectively each of which contributed to more than 10% of the Group's revenue.

For the six months ended 30 June 2013, 2 customers of the ISD system segment had sales of HK\$166,145,000 and HK\$86,973,000 respectively each of which contributed to more than 10% of the Group's revenue.

5. TURNOVER

Turnover represents the invoiced value of sale of application software and system hardware, security and protection products and manufacturing and sales of surveillance cameras and CCTV products, and system solution service income, after discounts and rebates, earned by the Group.

4. 分部資料 (續)

地區資料

本集團董事認為本集團之簡明綜合收益及大部份簡明綜合業績均來自中國市場，且本集團之簡明綜合非流動資產主要位於中國境內，因此並無呈報地區資料。

有關主要客戶之資料

截至二零一四年六月三十日止六個月，四名ISD系統分部客戶分別發生的銷售額為港幣13,530,000元、港幣12,010,000元、港幣6,056,000元及港幣5,234,000元，各自佔本集團收益之10%以上。

截至二零一三年六月三十日止六個月，兩名ISD系統分部客戶分別發生的銷售額為港幣166,145,000元及港幣86,973,000元，各自佔本集團收益之10%以上。

5. 營業收入

營業收入指本集團就應用軟件及系統硬件、安防產品及製造及銷售監視器、閉路電視產品以及系統解決方案服務收入所賺取之發票價值（扣除折扣及退款後）。

6. OTHER GAINS AND (LOSSES)

6. 其他收益及(虧損)

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Fair value changes on contingent consideration shares (note 16)	或然代價股份之公允價值變動 (附註16)	64,489	9,953
Exchange (loss)/gain, net	匯兌(虧損)/收益淨額	(542)	1,705
Impairment loss on goodwill (note 11)	商譽之減值虧損(附註11)	(32,251)	(9,111)
Impairment loss on other receivables	其他應收款項之減值虧損	(5,360)	-
Impairment loss on inventories	存貨之減值虧損	(761)	-
Impairment loss on other intangible assets (note 12)	其他無形資產之減值虧損 (附註12)	(15,403)	-
Others	其他	1,621	(449)
		11,793	2,098

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging (crediting) the following items:

7. 除所得稅費用前營業利潤

除所得稅費用前營業利潤乃於扣除(計入)以下各項後達致:

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Cost of inventories recognised as an expense	確認為開支之存貨成本	7,340	14,385
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,531	6,228
Amortisation of intangible assets	無形資產攤銷	62,344	49,275
Interest expense on promissory note (note 17)	承兌票據之利息開支 (附註17)	-	4,310
Share-based payment expenses (note 20(a))	以股份形式支付開支 (附註20(a))	12,147	27,912
Interest income on bank deposit	銀行存款之利息收入	(4,156)	(4,081)
Interest income from loans to third parties	貸款予第三方之利息收入	(1,997)	-
Impairment loss on other receivables	其他應收款項之減值虧損	5,360	-
Reversal of share-based payment expense (note a, 20(b))	以股份形式支付開支撥回 (附註a、20(b))	(46,072)	-
Impairment loss on inventories	存貨之減值虧損	761	-
Impairment loss on other intangible assets	其他無形資產之減值虧損	15,403	-
Impairment loss on goodwill (note 11)	商譽之減值虧損(附註11)	32,251	9,111

Note:

(a) Reversal of share-based payment expense is included in selling and distribution costs during the period.

附註:

(a) 於本期間,以股份形式支付開支撥回計入銷售及市場推廣開支內。

8. INCOME TAX CREDIT/(EXPENSE)

8. 所得稅抵免／（費用）

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Current tax – PRC Enterprise Income Tax (“EIT”) – tax for the period	即期稅項－中國企業所得稅（「企業所得稅」） －期內稅項	(6,434)	(8,206)
Deferred tax – credit to profit or loss for the period	遞延稅項 －本期間損益中計入	11,304	5,115
Income tax credit/(expense)	所得稅抵免／（費用）	4,870	(3,091)

The Company and those subsidiaries established in the British Virgin Islands are exempted from income taxes.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the period (six months ended 30 June 2013: Nil).

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the PRC subsidiaries of the Company is calculated based on the statutory tax rate of 25%, except for certain subsidiaries which are subject to preferential enterprise income tax rates as they qualify for high-tech and/or software producing enterprise.

本公司及於英屬處女群島成立之該等附屬公司均獲豁免所得稅。

香港利得稅按兩個期間之估計應課稅溢利之16.5%計算。由於本集團於本期間概無應課稅溢利，故並無作出香港利得稅撥備（截至二零一三年六月三十日止六個月：無）。

根據中國所得稅規則及規例，本公司中國附屬公司之中國企業所得稅之撥備乃根據法定稅率25%計提，惟若干附屬公司可按優惠企業所得稅率繳稅，原因為彼等符合高科技及／或軟件生產企業資格。

9. EARNINGS PER SHARE

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

9. 每股盈利

本公司股東應佔之每股基本及攤薄盈利乃根據以下數據計算：

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) HK\$'000 港幣千元	2013 二零一三年 (Unaudited) (未經審核) HK\$'000 港幣千元
Earnings	盈利		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	用以計算每股基本盈利之盈利(本公司股東應佔期間溢利)	8,988	421,996
Fair value change on contingent consideration shares	或然代價股份之公允價值變動	-	(9,445)
Earnings for the purposes of diluted earnings per share	用以計算每股攤薄盈利之盈利	8,988	412,551

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 (Unaudited) (未經審核) '000 千股	2013 二零一三年 (Unaudited) (未經審核) '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares (less shares held for share award scheme for the purpose of basic earnings per share)	普通股加權平均數(扣除用於計算每股基本盈利之就股份獎勵計劃所持有之股份)	3,048,911	2,863,838
Effect of diluted potential ordinary shares:	潛在攤薄普通股影響：		
- Share options	- 購股權	-	19,751
- Contingent consideration shares	- 或然代價股份	-	50,779
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利之普通股加權平均數	3,048,911	2,934,368

9. EARNINGS PER SHARE (continued)

Note:

The computation of diluted earnings per share does not assume an exercise of the Company's outstanding share options, which were granted on 16 April 2012 with exercise price of HK\$1.50, as the exercise price of those options is higher than the average market price of the Company's shares for the six months ended 30 June 2014.

The computation of diluted earnings per share does not assume an exercise of the Company's outstanding share options, which were granted on 1 April 2011 with exercise price of HK\$2.25, as the exercise price of those options is higher than the average market price of the Company's shares for the six months ended 30 June 2013.

The computation of diluted earnings per share does not assume the issuance of equity settled shared-based payment (details please refer to note 20(b)) as conditions have not been satisfied at the end of the reporting period.

10. DIVIDENDS

2013 final dividend of approximately HK\$30,610,000, which includes dividends of approximately HK\$121,000 relating to shares held for share award scheme, was approved by shareholders at the 2014 annual general meeting and recorded as dividend payable as at 30 June 2014. Except for the above, no dividend will be paid, declared or proposed during the reporting period. The directors do not recommend the declaration of interim dividend.

9. 每股盈利 (續)

附註：

由於截至二零一四年六月三十日止六個月，本公司於二零一二年四月十六日授出並尚未行使之購股權之行使價為港幣1.50元高於股份之平均市價，故於計算每股攤薄盈利時並無假設行使該等購股權。

由於截至二零一三年六月三十日止六個月，本公司於二零一一年四月一日授出並尚未行使之購股權之行使價為港幣2.25元高於股份之平均市價，故於計算每股攤薄盈利時並無假設行使該等購股權。

由於於本報告期末相關條件尚未達成，故於計算每股攤薄盈利時並無假設發行以股權結算以股份形式付款（詳情請參閱附註20(b)）。

10. 股息

二零一三年末期股息約港幣30,610,000元（其中包括股份獎勵計劃持有之股份有關之約港幣121,000元之股息）於二零一四年股東週年大會上獲股東批准，並於二零一四年六月三十日計作應付股息。除上述者外，於本報告期內，不會派付、宣派或擬派任何股息。董事並不建議派發中期股息。

11. GOODWILL

11. 商譽

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	於二零一三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Cost	成本		
Balance at beginning of period/year	於期／年初之結餘	1,343,216	1,304,466
Exchange adjustments	匯兌調整	(33,150)	38,750
Balance at end of period/year	於期／年終之結餘	1,310,066	1,343,216
Accumulated impairment losses	累計減值虧損		
Balance at beginning of period/year	於期／年初之結餘	(66,198)	(7,663)
Impairment losses recognised	已確認減值虧損	(32,251)	(58,307)
Exchange adjustments	匯兌調整	1,634	(228)
Balance at end of period/year	於期／年終之結餘	(96,815)	(66,198)
Net book value at end of period/year	於期／年終之賬面淨值	1,213,251	1,277,018
ISD system business (note b)	ISD系統業務 (附註b)	1,213,251	1,260,257
ISS business (note c)	ISS業務 (附註c)	-	16,761
Net book value at end of period/year	於期／年終之賬面淨值	1,213,251	1,277,018

Note:

- (a) Goodwill is allocated to the cash generating units ("CGU") identified according to different business units. The Group tests CGU to which goodwill is allocated annually for impairment or more frequently if there are indications that goodwill might be impaired.

附註:

- (a) 商譽乃根據不同業務單位分配至識別之現金產生單位(「現金產生單位」)。本集團每年對獲分配商譽之現金產生單位進行減值測試，或倘有跡象顯示商譽可能出現減值，則更頻密地進行減值測試。

11. GOODWILL (continued)

Note: (continued)

- (b) Along with the transitional growing pain starting from the second half of 2013, the operational condition in Mainland China became uncertain. This change of market environment was continuously developing through the first half of 2014. The ISD projects were postponed. The recoverable amount of the CGU is determined based on a value-in-use calculation. Accordingly, the management revised its cash flow projections of the ISD business based on financial budgets approved by management covering a five-year period at a discount rate of 21% (31 December 2013: 23%). The cash flow beyond the five-year period are extrapolated using a growth rate of 3% (31 December 2013: 3%) which does not exceed the average long term growth rate of relevant industry. Other key assumptions for the value in use calculation to the estimation of cash flow include budgeted sales and gross margin. Such estimation is based on past performance of the CGU and management's expectation for market development. The estimated recoverable amount was less than the carrying amount which results in recognition of impairment loss on goodwill of HK\$15,903,000 (six months ended 30 June 2013: HK\$0) for the six months ended 30 June 2014. As the carrying amount of the CGU has been reduced to its recoverable amount any adverse change in the key assumptions used to calculate the recoverable amount would result in further impairment losses.
- (c) During the six months ended 30 June 2014, the construction progress of the ISS projects was slightly delayed as compared with prior year's profit forecast. The recoverable amount of the CGU is determined based on a value-in-use calculation. Accordingly, the management revised its cash flow projections of the ISS business based on financial budgets approved by management covering a five-year period at a discount rate of 27% (31 December 2013: 27%). The cash flow beyond the five-year period are extrapolated using a growth rate of 3% (2013: 3%) which does not exceed the average long term growth rate of relevant industry. Other key assumptions for the value in use calculation to the estimation of cash flow include budgeted sales and gross margin. Such estimation is based on past performance of the CGU and management's expectation for market development. The estimated recoverable amount was less than the carrying amount which results in recognition of impairment loss on goodwill of HK\$16,348,000 (six months ended 30 June 2013: HK\$9,111,000) for the six months ended 30 June 2014. As the carrying amount of the CGU has been reduced to its recoverable amount any adverse change in the key assumptions used to calculate the recoverable amount would result in further impairment losses.

11. 商譽 (續)

附註：(續)

- (b) 隨著自二零一三年下半年起開始之轉型陣痛日益加劇，於中國內地之經營環境變得不明朗。此市場環境變化於二零一四年上半年持續發展。ISD項目已延後。現金產生單位之可收回金額乃根據使用價值計算而釐定。因此，管理層根據管理層所批准涵蓋五年期限之財政預算按21%（二零一三年十二月三十一日：23%）之貼現率，修訂其ISD業務之現金流量預測。超過五年期限之現金流量乃採用3%（其並無超過有關行業之長期平均增長率）（二零一三年十二月三十一日：3%）之增長率推算。有關對現金流量估計進行之使用價值計算之其他主要假設包括預算銷售及毛利率。有關估計乃根據現金產生單位之過往表現及管理層對市場發展之預期作出。估計可收回金額乃低於賬面值，並導致截至二零一四年六月三十日止六個月確認商譽減值虧損為港幣15,903,000元（截至二零一三年六月三十日止六個月：港幣0元）。由於現金產生單位之賬面值已削減至其可收回金額，故用以計算可收回金額之關鍵假設之任何不利變動均將引致進一步減值虧損。
- (c) 於截至二零一四年六月三十日止六個月內，ISS項目之建設進度與去年之溢利預測相比已略有延遲。現金產生單位之可收回金額乃根據使用價值計算而釐定。因此，管理層根據管理層所批准涵蓋五年期限之財政預算按27%（二零一三年十二月三十一日：27%）之貼現率，修訂其ISS業務之現金流量預測。超過五年期限之現金流量乃採用3%（其並無超過有關行業之長期平均增長率）（二零一三年：3%）之增長率推算。有關對現金流量估計進行之使用價值計算之其他主要假設包括預算銷售及毛利率。有關估計乃根據現金產生單位之過往表現及管理層對市場發展之預期作出。估計可收回金額乃低於賬面值，並導致於截至二零一四年六月三十日止六個月確認商譽減值虧損為港幣16,348,000元（截至二零一三年六月三十日止六個月：港幣9,111,000元）。由於現金產生單位之賬面值已削減至其可收回金額，故用以計算可收回金額之關鍵假設之任何不利變動均將引致進一步減值虧損。

12. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2014, the revenue generated from traditional ISS hardware and equipment products (such as surveillance cameras, CCTV products and sensors) decreased critically as compared with prior period, which was mainly caused by the fierce market competition. The management predicted that the sales of traditional ISS hardware and equipment products was still challenging in the following years. Management estimated the recoverable amount of other intangible assets used for the traditional ISS hardware and equipment products based on the value-in-use calculation using a discount rate of 27%. The estimated recoverable amount was less than the carrying amount which results in recognition of impairment loss on other intangible assets of HK\$15,403,000 (six months ended 30 June 2013: Nil) for the six months ended 30 June 2014.

During the period, the Group acquired other intangible assets of approximately HK\$43,375,000 (six months ended 30 June 2013: HK\$31,948,000). There is no significant disposal of other intangible assets for the six months ended 30 June 2014.

12. 其他無形資產

於截至二零一四年六月三十日止六個月，主要由於激烈的市場競爭，引致傳統的ISS硬件產品（例如：監視器、閉路電視產品及傳感器）產生之收入相比去年同期急劇下跌。管理層預測，傳統的ISS硬件產品之銷售於往後年度仍面臨挑戰。管理層運用27%之貼現率基於使用價值計算估計用於傳統的ISS硬件產品之其他無形資產之可收回金額。估計可收回金額低於賬面值，由此引致於截至二零一四年六月三十日止六個月確認其他無形資產之減值虧損港幣15,403,000元（截至二零一三年六月三十日止六個月：無）。

於本期間，本集團收購其他無形資產約港幣43,375,000元（截至二零一三年六月三十日止六個月：港幣31,948,000元）。於截至二零一四年六月三十日止六個月內並無有關其他無形資產之重大出售。

13. TRADE AND OTHER RECEIVABLES

13. 應收賬款及其他應收款項

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日 (Unaudited) (未經審核)	於二零一三年 十二月三十一日 (Audited) (經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Trade receivables	應收賬款	81,960	178,902
Other receivables	其他應收款項	15,070	8,330
Amounts due from related parties	應收關連人士款項	1,797	2,289
Amounts due from directors	應收董事款項	19	61
Rental and utility deposits	租金及公共設施按金	10,715	8,866
Advance to suppliers	預付供應商款項	16,279	15,297
		125,840	213,745

13. TRADE AND OTHER RECEIVABLES

(continued)

The amounts due from the related parties and directors are unsecured, interest free and repayable on demand.

In general, the credit terms granted by the Group ranged from 90 to 180 days, while the retention monies held in relation to the application software are receivable 12 months after installation of software. The following is an aged analysis of trade receivables net of allowance for impairment losses presented based on the invoice date at the end of reporting period.

		As at 30 June 2014 於二零一四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	As at 31 December 2013 於二零一三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Aged:	賬齡:		
Within 0 – 30 days	0至30日	25,380	62,590
31 – 60 days	31至60日	24	275
61 – 90 days	61至90日	27	64
91 – 180 days	91至180日	10,404	7,920
181 – 365 days	181至365日	23,733	85,059
More than 365 days	365日以上	22,392	22,994
		81,960	178,902

Included within the trade receivables balance at the end of the period, HK\$24,714,000 (31 December 2013: HK\$43,568,000) is due from the Group's largest customer. There are another six customers (31 December 2013: seven customers) who represent more than 5% of the total balance of trade receivables. These customers have no past history of default.

13. 應收賬款及其他應收款項 (續)

應收關連人士及董事之款項乃無抵押、免息及須按要求償還。

一般來說，本集團所授出之信貸期介乎90日至180日，而有關應用軟件持有之保證金將於安裝軟件後12個月內收取。於報告期末，按發票日期呈列之應收賬款（扣除減值虧損撥備）之賬齡分析如下。

於期末之應收賬款結餘中，其中港幣24,714,000元（二零一三年十二月三十一日：港幣43,568,000元）為應收本集團之最大客戶款項。另外六位客戶（二零一三年十二月三十一日：七位客戶）佔應收賬款結餘總額逾5%。該等客戶並無任何過往拖欠記錄。

14. LOANS TO THIRD PARTIES

The loan to a third party of HK\$150,000,000 is secured by a pledged deposit received as set out in note 15, interest bearing at 10% per annum and repayable in August 2014.

The loans to a third party of RMB2,000,000 (equivalent to HK\$2,498,000) are unsecured, interest bearing at 6% per annum and repayable within one year.

14. 提供予第三方之貸款

提供予一名第三方之貸款港幣150,000,000元乃以附註15所載已收已抵押存款作抵押，按每年10%利率計息及須於二零一四年八月償還。

提供予一名第三方之貸款人民幣2,000,000元（相等於港幣2,498,000元）為無抵押，按每年6%利率計息及須於一年內償還。

15. TRADE AND OTHER PAYABLES

15. 應付賬款及其他應付款項

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日	於二零一三年 十二月三十一日
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Trade payables	應付賬款	20,043	16,129
Cash consideration (<i>note a</i>)	現金代價 (<i>附註a</i>)	-	41,296
Other payables and accruals	其他應付款項及應計費用	38,302	14,950
Amount due to a related party (<i>note b</i>)	應付關連人士款項 (<i>附註b</i>)	1,390	-
Other tax payables	其他應付稅項	192	16,503
Advance from customers	預收客戶款項	647	620
Pledged deposit received (<i>note 14</i>)	已收已抵押存款 (<i>附註14</i>)	162,395	-
		222,969	89,498

Note:

- (a) The cash consideration is for the acquisition of Yu Hong Group and the remaining balance was fully paid during the period.
- (b) The amount due to a related party is unsecured, interest free and repayable on demand.

附註：

- (a) 現金代價用於收購煜宏集團，而餘款已於期內悉數支付。
- (b) 應付一名關連人士款項為無抵押、免息及須按要求償還。

15. TRADE AND OTHER PAYABLES*(continued)*

In general, the credit terms granted by suppliers ranged from 90 to 180 days. The aging analysis of trade payables prepared based on invoice date is as follows:

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	於二零一三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Aged:	賬齡:		
Within 0 – 30 days	0至30日	5,089	5,142
31 – 60 days	31至60日	2,593	344
61 – 90 days	61至90日	22	147
91 – 180 days	91至180日	4,417	367
181 – 365 days	181至365日	497	453
More than 365 days	365日以上	7,425	9,676
		20,043	16,129

15. 應付賬款及其他應付款項 (續)

一般來說，供應商所授出之信貸期介乎90日至180日。按發票日期編製之應付賬款之賬齡分析如下：

16. CONTINGENT CONSIDERATION SHARES**16. 或然代價股份**

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日 (Unaudited) (未經審核) HK\$'000 港幣千元	於二零一三年 十二月三十一日 (Audited) (經審核) HK\$'000 港幣千元
Fair value of contingent consideration shares for the acquisition of Tech Praise Group	收購達嘉集團之或然代價股份之公允價值	-	124,915

16. CONTINGENT CONSIDERATION SHARES *(continued)*

Note:

The Group acquired the entire equity interest of Tech Praise Group during the year ended 31 December 2012. As consideration for the acquisition of Tech Praise Group, the Group was required to issue 203,114,421 Consideration Shares based on five tranches of consideration shares in the following manner:-

- (i) The 1st tranche of 30,467,163 shares, initially being HK\$45,000,000 of Consideration Shares issued on the Completion Date, which is subject to the net asset value of Jilin Province Yingke Information Technology Co., Ltd. after the establishment of designated monitoring centres being no less than HK\$45,000,000;
- (ii) The 2nd tranche of 30,467,163 shares, initially being the result of subtracting the 1st tranche from HK\$90,000,000 of Consideration Shares. Further, it is also subject to the profit guarantee of HK\$36,000,000 of Tech Praise Group for the nine months ended 30 September 2012;
- (iii) The 3rd tranche of 40,622,884 shares, initially being HK\$60,000,000 of Consideration Shares, which is subject to the profit guarantee of HK\$60,000,000 of Tech Praise Group for the year ended 31 December 2012;
- (iv) The 4th tranche of 50,778,605 shares, initially being HK\$75,000,000 of Consideration Shares, which is subject to the profit guarantee of HK\$39,000,000 of Tech Praise Group for the six months ended 30 June 2013; and
- (v) The 5th tranche of 50,778,606 shares, initially being HK\$75,000,000 of Consideration Shares, which is subject to the profit guarantee of HK\$78,000,000 of Tech Praise Group for the year ended 31 December 2013.

16. 或然代價股份 (續)

附註：

本集團於截至二零一二年十二月三十一日止年度收購達嘉集團之全部股權。作為收購達嘉集團之代價，本集團須以下列方式分五批代價股份發行203,114,421股代價股份：

- (i) 首批30,467,163股股份（初步為於完成日期發行之港幣45,000,000元之代價股份），須受吉林省贏科信息技術有限公司在完成指定之監控中心建設後之資產淨值金額為不少於港幣45,000,000元所規限；
- (ii) 第二批30,467,163股股份（初步為港幣90,000,000元之代價股份減首批之結果）。此外，其亦須受達嘉集團截至二零一二年九月三十日止九個月之盈利保證港幣36,000,000元所規限；
- (iii) 第三批40,622,884股股份（初步為港幣60,000,000元之代價股份），其須受達嘉集團截至二零一二年十二月三十一日止年度之盈利保證港幣60,000,000元所規限；
- (iv) 第四批50,778,605股股份（初步為港幣75,000,000元之代價股份），其須受達嘉集團截至二零一三年六月三十日止六個月之盈利保證港幣39,000,000元所規限；及
- (v) 第五批50,778,606股股份（初步為港幣75,000,000元之代價股份），其須受達嘉集團截至二零一三年十二月三十一日止年度之盈利保證港幣78,000,000元所規限。

16. CONTINGENT CONSIDERATION SHARES *(continued)*

Note: (continued)

The 2013 balance represented the fair value of remaining 5th tranche of shares whose condition was met and the Company has issued the final 50,778,606 shares to the Vendor in April 2014. Following the issuance, the Company has issued all five tranches of Consideration Shares as at 30 June 2014.

The Group followed HKFRS 13 – Fair Value Measurement which introduces a three level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The consideration shares are measured at fair value based on the share price of the Company after taking into consideration the likelihood that the profit guarantee will be met. A decrease in profit beneath the profit guarantee amount would lead to a decrease in the fair value of the contingent consideration shares liability. The management of the Group used share price of the Company and internal budgets and forecasts which included information about the fair value measurement using significant unobservable inputs (level 3). The Considerations Shares were fully issued and there was no transfer between the three levels during the current and prior period.

16. 或然代價股份 (續)

附註：(續)

二零一三年結餘指達成條件之餘下第五批股份之公允價值，而本公司已於二零一四年四月向賣方發行最後50,778,606股股份。於發行後，於二零一四年六月三十日，本公司已發行全部五批代價股份。

本集團遵循香港財務報告準則第13號—公允價值計量，其引入公允價值計量披露之三個層級架構以及有關公允價值計量相對可靠性之額外披露。

該等級根據計量該等資產及負債之公允價值時所用重大輸入數據之相對可靠性，將資產及負債分為三個層級。公允價值等級有以下三個層級：

第一級：就相同資產或負債於活躍市場之報價（未經調整）；

第二級：就資產或負債可直接（即按價格）或間接（即從價格所得）觀察所得之輸入數據（惟納入第一級內之報價除外）；及

第三級：資產或負債並非依據可觀察市場數據之輸入數據（即非可觀察輸入數據）。

或然代價股份乃根據本公司股價按公允價值計量，並經計及盈利保證是否可達成。盈利減少至低於盈利保證金額將引致或然代價股份負債之公允價值下跌。本集團管理層使用本公司之股價及內部預算及預測，當中包括有關使用重大非可觀察輸入數據之公允價值計量（第三級）之資料。代價股份已獲悉數發行，而於本期及過往期間並無三個層級之間之轉撥。

16. CONTINGENT CONSIDERATION SHARES (continued)

The following table shows the reconciliation of Level 3 fair value measurements of contingent consideration shares:

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日	於二零一三年 十二月三十一日
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Balance at beginning of period/year	於期／年初之結餘	124,915	270,142
Issue of consideration shares	發行代價股份	(60,426)	(206,364)
Fair value changes on contingent consideration shares	或然代價股份之公允價值變動	(64,489)	61,137
Balance at end of period/year	於期／年末之結餘	-	124,915

Fair value changes on contingent consideration shares are included in 'other gains and losses'.

16. 或然代價股份 (續)

下表顯示或然代價股份之第三級公允價值計量之對賬：

或然代價股份之公允價值變動計入「其他收益及虧損」。

17. PROMISSORY NOTE

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日	於二零一三年 十二月三十一日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Balance at beginning of period/year	於期／年初之結餘	87,510	78,658
Imputed interest recognised during the period/year	於期／年內確認之推算利息	-	8,852
Repayment during the period	於期內之還款	(87,510)	-
Carrying amount at the end of the period/year	於期／年末之賬面值	-	87,510

17. 承兌票據

17. PROMISSORY NOTE (continued)

The Company issued a zero-coupon promissory note in the principal amount of HK\$189,000,000 (the "Promissory Note") as part of the consideration for the acquisition of the entire equity of Yu Hong Group during the year ended 31 December 2012. The Promissory Note has a two-year term and matured on 10 January 2014. The Promissory Note was classified as current liabilities as at 31 December 2013 and carried at amortised cost until extinguished on redemption and fully repaid during the period.

17. 承兌票據 (續)

於截至二零一二年十二月三十一日止年度內，本公司發行本金額為港幣189,000,000元之零息承兌票據（「承兌票據」）作為收購煜宏集團之全部股權之部份代價。承兌票據之年期為兩年及於二零一四年一月十日期滿。承兌票據於二零一三年十二月三十一日分類為流動負債並按攤銷成本列賬，直至於贖回時抵銷為止並已於期內悉數償還。

18. SHARE CAPITAL

18. 股本

		As at 30 June 2014	As at 31 December 2013
		於二零一四年 六月三十日 (Unaudited) (未經審核)	於二零一三年 十二月三十一日 (Audited) (經審核)
		HK\$'000 港幣千元	HK\$'000 港幣千元
Authorised:	法定：		
8,000,000,000 ordinary shares of HK\$0.1 each (31 December 2013: 8,000,000,000 ordinary shares)	8,000,000,000股每股面值 港幣0.1元之普通股 (二零一三年 十二月三十一日： 8,000,000,000股 普通股)	800,000	800,000
Issued and fully paid:	已發行及繳足：		
3,060,987,000 ordinary shares of HK\$0.1 each (31 December 2013: 3,010,208,000 ordinary shares)	3,060,987,000股每股面值 港幣0.1元之普通股 (二零一三年 十二月三十一日： 3,010,208,000股 普通股)	306,099	301,021

18. SHARE CAPITAL (continued)

The movements in the issued share capital of the Company during the year/period were as follows:

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 港幣千元
Ordinary shares of HK\$0.1 each As at 1 January 2013 (audited)	每股面值港幣0.1元之普通股 於二零一三年一月一日 (經審核)	2,826,161	282,616
Issue of shares on exercise of share options	行使購股權時所發行之股份	94,846	9,485
Purchase of own shares for cancellation	購買本身股份以供註銷	(2,200)	(220)
Issue of new shares (note a)	發行新股份 (附註a)	91,401	9,140
As at 31 December 2013 (audited)	於二零一三年十二月三十一日 (經審核)	3,010,208	301,021
Issue of new shares (note a)	發行新股份 (附註a)	50,779	5,078
As at 30 June 2014 (unaudited)	於二零一四年六月三十日 (未經審核)	3,060,987	306,099

Note:

- (a) During the year ended 31 December 2013 and six months ended 30 June 2014, a total of 91,401,489 and 50,778,606 shares were issued for the acquisition of Tech Praise Group, respectively (details on contingent consideration shares, please refer to note 16).

18. 股本 (續)

年/期內本公司已發行股本之變動如下:

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 港幣千元
Ordinary shares of HK\$0.1 each As at 1 January 2013 (audited)	每股面值港幣0.1元之普通股 於二零一三年一月一日 (經審核)	2,826,161	282,616
Issue of shares on exercise of share options	行使購股權時所發行之股份	94,846	9,485
Purchase of own shares for cancellation	購買本身股份以供註銷	(2,200)	(220)
Issue of new shares (note a)	發行新股份 (附註a)	91,401	9,140
As at 31 December 2013 (audited)	於二零一三年十二月三十一日 (經審核)	3,010,208	301,021
Issue of new shares (note a)	發行新股份 (附註a)	50,779	5,078
As at 30 June 2014 (unaudited)	於二零一四年六月三十日 (未經審核)	3,060,987	306,099

附註:

- (a) 截至二零一三年十二月三十一日止年度及截至二零一四年六月三十日止六個月，本公司已就收購達嘉集團分別發行合共91,401,489股及50,778,606股股份（有關或然代價股份之詳情請參閱附註16）。

19. SHARES HELD FOR SHARE AWARD SCHEME

Pursuant to an announcement dated 9 April 2013, the Company adopted a share award scheme (the "Scheme") under which shares of the Company may be awarded to eligible employees in accordance with its provisions. The Scheme operates for 10 years from 8 April 2013.

19. 股份獎勵計劃持有之股份

根據日期為二零一三年四月九日之公佈，本公司已採納一份股份獎勵計劃（「該計劃」），據此，本公司股份可根據其條款向合資格僱員作出獎勵。該計劃之營運自二零一三年四月八日起計為期十年。

19. SHARES HELD FOR SHARE AWARD SCHEME *(continued)*

A trustee has been appointed and the Company may provide contributed amount to the trustee from time to time for the purpose of purchasing, administrating and holding the Company's shares for the Scheme. The Company shall not make any further award of shares which result in the aggregate nominal value of the shares awarded by the Company under the Scheme exceeding 10% of the issued share capital of the Company at the time of such award. Dividend receivable relating to award shares held by the trustee before the award shares are vested with eligible employees is treated as income of the trust fund. No award shares were granted by the Company to employees during the six months ended 30 June 2014 (31 December 2013: Nil).

20. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Options

No share option was granted by the Company during the period (year ended 31 December 2013: Nil). Details and movements of share options are as follows:

19. 股份獎勵計劃持有之股份 (續)

已委任一名信託人及本公司可不時向信託人提供供款金額以就該計劃購買、管理及持有本公司股份。本公司不應作出任何進一步股份獎勵，而導致本公司根據該計劃作出之股份獎勵面值總額超過本公司於作出有關獎勵時之已發行股本之10%。於獎勵股份歸屬於合資格僱員前，就信託人所持有之獎勵股份之應收股息乃被視為信託基金之收入。本公司於截至二零一四年六月三十日止六個月概無向僱員授出任何獎勵股份（二零一三年十二月三十一日：無）。

20. 以股份形式付款交易

(a) 購股權

本公司於期內並無授出任何購股權（截至二零一三年十二月三十一日止年度：無）。有關購股權之詳情及變動情況如下：

		Weighted average exercise price 加權平均 行使價	Number 數目 '000 千份
At 1 January 2013	於二零一三年一月一日	港幣HK\$1.67元	158,820
Exercised during the year	於年內行使	港幣HK\$1.53元	(94,846)
Lapsed during the year	於年內失效	港幣HK\$2.25元	(33,250)
At 31 December 2013 and 30 June 2014	於二零一三年 十二月三十一日及 二零一四年六月三十日	港幣HK\$1.50元	30,724
Exercisable at the end of the period	於期末可行使	港幣HK\$1.50元	30,724

20. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

(a) Share Options *(continued)*

The weighted average exercise price of options outstanding at the end of the period was HK\$1.50 (31 December 2013: HK\$1.50) and the weighted average remaining contractual life was 0.79 years (31 December 2013: 1.29 years). Balance of approximately HK\$12,147,000 (*note 7*) was recognised in profit or loss for the period ended 30 June 2014 (six months ended 30 June 2013: HK\$8,724,000).

(b) Equity settled share-based payment

On 17 March 2012, the Group entered into a Services Agreement with a consulting company whereby the consulting company agreed to provide services to the Group within three years for the purpose of assisting the Group in expanding and developing markets for ISD platforms in three cities in the PRC, and each of such cities shall install at least 1,000 surveillance points ("the Services"). The consideration for the Services, being US\$15,000,000 (equivalent to HK\$116,435,000), shall be satisfied by the Company's allotment and issuance of three tranches of Consideration Shares of 21,569,171 shares each.

Pursuant to HKFRS 2, the fair value of the services should be measured by reference to the share price at date of grant and amounted to approximately HK\$115,179,000, which will be recognised in profit or loss on a straight line basis over the estimated service vesting period. Based on further update with the consulting company, management change its estimation such that it is difficult for the consulting company to fulfill the Service within the contract period and the consideration for the Services would probably not be made upon the expiration of contract. Therefore, the management of the Group reversed all the relevant share based expenses and recognised a reversal of share-based payment expenses of approximately HK\$46,072,000 (*note 7*) in profit or loss for the six months ended 30 June 2014 (six months ended 30 June 2013: an expense of HK\$19,197,000).

20. 以股份形式付款交易 (續)

(a) 購股權 (續)

於期末之尚未行使購股權之加權平均行使價為港幣1.50元(二零一三年十二月三十一日:港幣1.50元)及加權平均餘下合約年期為0.79年(二零一三年十二月三十一日:1.29年)。餘額約港幣12,147,000元(附註7)已於截至二零一四年六月三十日止期間之損益內確認(截至二零一三年六月三十日止六個月:港幣8,724,000元)。

(b) 以股權結算以股份形式付款

於二零一二年三月十七日,本集團與顧問公司訂立服務協議,據此,顧問公司同意於三年內就協助本集團於中國三個城市拓展及發展ISD平台市場向本集團提供服務,而各有關城市須安裝最少1,000個監測點(「該等服務」)。該等服務之代價15,000,000美元(相等於港幣116,435,000元)須由本公司配發及發行三批代價股份(每批21,569,171股)方式支付。

根據香港財務報告準則第2號,該等服務之公允價值應參考於授出日期之股價計量,金額約為港幣115,179,000元,其將於整個服務歸屬期內以直線基準於損益確認。根據顧問公司最新情況,管理層改變其估計,認為顧問公司很難於合約期間完成約定的市場開拓服務,而該等服務之代價可能不會於合約屆滿時支付。因此,本集團管理層撥回所有相關以股份形式開支及於截至二零一四年六月三十日止六個月之損益內確認撥回以股份形式付款開支約港幣46,072,000元(附註7)(截至二零一三年六月三十日止六個月:開支港幣19,197,000元)。

21. RELATED PARTY TRANSACTIONS

- (a) Other than the amounts and transactions disclosed elsewhere in the Interim Financial Information, the following transactions were entered into between the Group and related parties during the period.

21. 關連人士交易

- (a) 期內，除於中期財務資料其他地方披露之金額及交易外，本集團已與關連人士訂立以下交易。

Related party relationship 關連人士關係	Types of transaction 交易類型	Transaction amount 交易金額	
		2014 二零一四年 (Unaudited) (未經審核) 港幣千元 HK\$'000	2013 二零一三年 (Unaudited) (未經審核) 港幣千元 HK\$'000
Related parties (note (i)) 關連人士 (附註(i))	Rental income 租金收入	-	804
	Rental expenses 租金開支	755	753
	Consulting expenses (note (ii)) 顧問開支 (附註(ii))	657	468

Note:

- (i) Related parties represent Chen Hong, who is one of the major shareholders of the Company, and the companies controlled by him.
- (ii) The above expense was compensated based on equity-settled share based remuneration scheme.
- (iii) The Company has not made any provision for bad or doubtful debts in respect of related party debtors nor has any commitment or guarantee been given or received during 2014 and 2013 regarding related party transactions.

附註：

- (i) 關連人士指陳洪（彼為本公司之其中一名主要股東）及由彼控制之公司。
- (ii) 上述開支以股權結算之股份形式付款之薪酬計劃獲補償。
- (iii) 本公司尚未對關連人士債務人之呆壞賬作出任何撥備，亦無於二零一四年及二零一三年作出或接獲有關關連人士交易之任何承擔或擔保。

21. RELATED PARTY TRANSACTIONS

(continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Salaries, allowances and other short-term employee benefits	薪金、津貼及其他短期僱員福利	1,563	1,141
Contributions to defined contribution retirement plans	向定額供款退休計劃之供款	57	55
Share-based payment expenses	以股份形式付款開支	2,565	1,826
		4,185	3,022

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

21. 關連人士交易 (續)

(b) 主要管理人員之薪酬

期內董事及其他主要管理人員成員之酬金如下：

董事及主要行政人員之薪酬由薪酬委員會參考個人表現及市場趨勢釐定。

22. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial Information were reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 25 August 2014.

22. 批准中期財務資料

本中期財務資料乃由本公司審核委員會審閱並於二零一四年八月二十五日由董事會批准及授權刊發。

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

ISD system

During the first half of 2014, in the wake of the complicating and critical status quo worldwide and the pressure to an economic slowdown of China, Mr. Li Keqiang, the Premier of China, asserted the spirit of the 18th National Congress to be strictly upheld throughout the country and emphasized the mid-to-long term development, with a view to minimizing possible bubbles emerging from an overheat GDP growth and towards a harmonious path to sustainable development. During such a period of policy adjustment, the construction sentiment became cautious, therefore, various scales of projects nationwide slowed down. Certain numbers of these projects were connected to the Group's business, thus affecting the performance of ISD system for the first half of 2014.

The Group's ISD system segment was primarily derived from (1) one-off installation fee from sales of surveillance points and (2) continuing management fee for ongoing system management and maintenance. During the first half of 2014, the revenue derived from this segment amounted to HK\$43,722,000.

As at 30 June 2014, the total numbers of monitoring centers and surveillance points reached 45 and 29,909 respectively and accumulatively encompassed locations in 11 provinces and 40 regions.

管理層討論及分析

業務回顧

ISD系統業務分部

二零一四年上半年，針對國內外複雜嚴峻的形勢和經濟下行的壓力，國家總理李克強強調，全國上下認真貫徹落實十八大精神，注重中長期發展，才可以使得中國經濟減少GDP泡沫，走上可持續發展的和諧之路。在政策調整期間，導致各地之建設氣氛審慎，全國部分大、中、小工程進展放緩，其中不乏與本集團業務有較大關聯之項目，影響ISD系統二零一四年上半年之表現。

中國安芯的ISD系統分部營業收入來源於系統建設中的：(1)一次性的監測點銷售收入及(2)持續性的監測點營運及維護收入。中國安芯於期內所獲得的ISD系統分部營業收入合計港幣43,722,000元。

截至二零一四年六月三十日，本集團所建監控中心及監測點數量分別達45個及29,909個。截至二零一四年六月三十日累計涉及11個省份，40個地區。

Note: ISD system is unique to China. ISD is an acronym standing for "Intelligent Surveillance, Disaster Alert and Rescue Coordination". The system involves the setting up of a dedicated communication platform using leading edge Internet-of-Things technologies, through which all the safety parameters obtained via on-site sensors located at surveillance points, eg, gas content in a coal mine, oil pressure in an oil depot, etc, are transmitted to the Local Government Monitoring Center via the internet. Various transmission means can be employed, including public telecom networks, dedicated optical fiber cables or even satellites. The Local Government Monitoring Center monitors such information and data on a real-time basis. Should any parameter exceed the pre-set safety limit, the system automatically sends out warning signals and rescue information to different interested parties, including the responsible person of the enterprise, relevant government departments such as the local work safety bureau as well as other rescue agencies such as the police, fire department and the local hospitals. Safety monitoring was initially introduced to the coal mining industry, and then to all industries considered high-risk. Accordingly, the monitoring department has evolved from the Administration of Coal Mine Safety to the State Administration of Work Safety (SAWS). To exert its hold on the market pulse, Anxin-China has invested substantially in its R&D efforts since 2008 to upgrade the system so that various sensors from multiple industries could be connected. This is how coal mining ISD evolves into multi-industry ISD system.

註： ISD系統為英文「Intelligent Surveillance, Disaster Alert and Rescue Coordination System」的簡稱，即「智能監測預警及應急救援指揮調度系統」。ISD系統是在中國特殊國情下，通過物聯網技術實現政府對危險化學品、易燃易爆品、有毒有害物質、煤礦等生產企業和各類重大危險源的實時遠程監控、應急救援指揮調度及輔助決策的電腦信息系統。ISD系統將眾多企業／危險源自身所安裝的傳感器數據進行收集處理（例如煤礦中的瓦斯含量、油庫中的油壓等），然後送回政府安監部門的監控中心，使得政府可以通過資訊化的平臺對轄區企業／危險源進行實時有效的監管，並通過對回傳數據的處理及分析來預測可能出現的事故，從而降低轄區內企業／危險源發生事故的機率。該系統不僅能在一定程度上對企業及地方政府作出生產事故的預警，而且還能儲存政府監管部門的應急預案，並配備有完備的指揮調度系統，以便在突發事故之時能夠幫助監管部門進行有效的應急救援指揮調度，從最大程度上提高救援指揮效率，減少事故傷亡人數，降低事故所帶來的損失。政府部門對安全監管的需求最先從煤礦行業開始，現在已經擴展到包括煤礦行業的所有高危工業生產行業，監管部門也從原來的煤礦安全監察局擴大至安全生產監督管理局。中國安芯早在2008年就投入大量研發力量，將系統升級為能連接各種傳感器的多工業ISD系統，從而得以牢牢把握住市場的命脈。

ISS

During the first half of 2014, the Group achieved obvious breakthrough on its ISS segment. Despite the period of policy adjustment discussed above, the Group strived to enhance the technical qualities of its existing products and focused on 5 cities namely Dawu County in Hubei Province, Honghu City in Hubei Province, Fuquan City in Guizhou Province, Suining County in Jiangsu Province, and Dunhua City in Jilin Province in expanding its ISS business. Contracts made for projects in these cities totally amounted to around RMB100 million and profoundly extended the potential for the development of the Group's ISS system, thus further penetrating the field of public safety. Meanwhile, the Group further discussed with certain market leaders with a view towards greater synergies and mitigated obstacles of the development and business expansion of the Group via various means such as commercial negotiations and technical cooperation.

Research Development and Other

During the first half of 2014, the Group has not set back from enhancing its technology. In the aspect of ISD system, the research and development department systematically upgraded the existing products during the first half of 2014. The design concept of the system framework shifted from "object-oriented design" in its early years to an advanced "service-oriented architecture" ("SOA"). Incorporating enterprise service bus ("ESB") into the products is to better cater users' demands going forward. In the aspect of ISS system, the research and development department has updated the entire system framework of the existing software so as to better adapt to the users' demands and comprehensively simplified the user interfaces and operation flows so that customers can master the usage of the system without advanced training. In addition, the algorithms department has beefed up the system in adapting to the complication situations by adding extra rules to the existing 13 intelligent analysis rules.

ISS業務分部

二零一四年上半年，ISS業務發展取得較顯著的突破，縱然恰值國家政策調整期，本集團在現有產品的基礎上積極升級產品技術含量，並在上半年鎖定五個城市，開拓ISS市場，包括湖北省大悟縣、湖北省洪湖市、貴州省福泉市、江蘇省睢寧縣及吉林省敦化市，總合約規模超過1億元人民幣，大大擴闊於智慧安全系統領域的發展空間，進一步進軍公共安全領域。另一方面，本集團同時在與行業龍頭進行進一步洽談希望通過商業洽談和技術合作等方式，為集團帶來更大的協同效益，為集團未來發展及業務開拓減小阻力。

科技研發及其他

儘管二零一四年上半年，業務受國家政策影響較大，但是中國安芯並未放緩在科技研發上面的投入。在ISD方面，研發部門於2014上半年對原有產品進行了系統性升級，系統架構的設計理念由較早前「面向對象」的思路轉變成為先進的「面向服務」方法，在系統中融合ESB和SOA的設計方法，使其能更好的面向未來的用戶需求。在ISS方面，研發部門全面更新原有軟件系統的結構，使其能更好的適應用戶的需求，大規模簡化使用者介面及操作方式，使客戶在不接受高級的培訓之前提下亦能迅速學會使用本系統。此外，算法部門在原有的13種智慧分析規則之上增加了新的分析規則，使系統能更好的適應複雜的實際環境。

Note: ISS, namely "Intelligent Safety Systems", are composed of intelligent software, hardware and other related devices such as smart cameras, smart DVRs/NVRs, smart sensors, intelligent video analysis systems, etc. ISS systems have extensive applicability in public sphere safety surveillance. The system differs from traditional safety systems as they can filter a large volume of redundant and invalid information according to user settings and pass only meaningful information to security staff. It greatly improves work efficiency of safety systems monitoring. Traditional public safety equipment has been widely used in many areas such as traffic management, financial security, property management and safe city settings. However, the huge amount of data collected also restricts the ability of these devices to act more as a means of simply providing evidence for management after incidents occur. According to different levels of intelligence required, ISS systems can also predict in advance if an event is likely to transpire, thus performing defensive duties effectively. As a result, demand for ISS technology is growing rapidly with the development of smart cities and we believe that in the near future, ISS systems will serve as comprehensive alternatives to existing traditional safety devices and become effective tools in implementing urban management.

註: ISS為「Intelligent Safety System」的簡稱，即「智慧安全系統」。ISS包括智慧軟件、硬體及其他相關設備，如智慧攝像頭、智慧DVR/NVR、智慧傳感器、智慧視頻分析系統等等，對公共領域安防具有廣泛的適用性。有別於傳統安全系統，該系統在監控過程中依據用戶的設定將大量冗餘且無效的資訊過濾，只將有意義的資訊提供給工作人員，極大提高安全系統的工作效率。傳統公共安全設備雖已經廣泛應用於交通管理、金融安保、物業管理、平安城市等眾多領域，但是由於數據冗餘，使其作用很大程度上僅僅停留於在事故發生後為管理部門提供證據。而ISS則可依據智慧程度的不同，在某些情況下提前預測將要發生的事件，從而能有效地起到防患於未然的作用。因此隨著智慧城市的推進，ISS的市場需求日益增長，相信在不遠的未來，ISS會全面替代傳統安全設備，成為城市管理的有效手段。

Industry Review

As compared to the corresponding period in the previous year, the growth rates of industries and manufacturing as well as investments and consumptions in China slumped for the first half of 2014, reflecting a weak domestic demand and stagnant production brought by excessive production capacity. However, the national production safety standards remain perilous. The numbers of major accidents increased in individual regions, primary attributable to illegal and criminal offences. In addition, accidents happened to central enterprises were relatively major and frequent.

In a wrap-up conference for the first half of 2014, the relevant spokesperson of State Administration of Work Safety (SAWS) indicated that the development of SAWS will focus on “preventions against six aspects and governing of six aspects”, facilitating the reform of industrial safety, and cancelling the decentralization of administrative approval processes. Pilot programs of industrial safety will be run in selected locations to enhance the innovation on safety monitoring methods, continuously propel safety technologies, and strengthen the safety monitoring troops. As mentioned in earlier reports, RMB625 billion are to be allocated during the entire period of the 12th five-year plan on 9 major projects including standardization of corporate industrial safety. The Group, being the largest ISD system provider and operator in China, believes that such status quo of stagnancy is merely a temporary phenomenon.

行業回顧

二零一四年上半年，與上年同期相比，我國工業生產、投資及消費增速均明顯下滑，顯示出國內需求的疲軟，以及由產能過剩帶來的生產停滯。但是，全國安全生產形勢依然嚴峻複雜。個別地區重大事故上升，非法違法導致的較大以上事故占比較高，中央企業較大以上事故時有發生。

在二零一四年上半年的總結會議上，國家安全監管總局相關負責人提出二零一四年下半年安全生產的工作重點是集中力量開展「六打六治」，積極推進安全生產領域改革，做好取消下放行政審批事項，認真開展安全生產改革試點工作，加強安全監管方式方法創新，持續推進安全科技進步，加強安監隊伍建設。而早在之前的報告中就已提到，在整個「十二五」期間國家計畫投資人民幣6,250億元，推進企業安全生產標準化達標等九大工程。而中國安芯是中國最大的ISD系統方案提供商及運營服務商。相信目前的停滯期只是暫時現象。

Prospects

As discussed above, along with a series of new policies promulgated by the Central Government for the sustainable development of China, the constructions were under adjustments nationwide, therefore, project progresses temporarily slowed down. Meanwhile, the Group contracted to acquire a manufacturer of "Elevator Safety System (ESS)" based on Internet of Things technology. The acquisition was launched in February 2014. The Group is exploring breakthroughs on Internet of Things ("IoT") and safety surveillance system for elevators. In recent years, elevator accidents became more frequent, relevant news can be seen almost in daily basis. The Group looks forward to implementing its state of art technologies on IoT sensors so as to monitor the automatic operations of elevators and prevent elevator accidents, and also applying smart video technologies so as to alert and rescue the victims trapped inside the elevators. ESS systems are expected to vigorously improve the safety levels of elevators which are frequented by each member of the citizenship. The Group is undergoing the final stage of testing the production capacity of the acquisition target. If each of the conditions precedent of the transaction is fulfilled to the Group's satisfaction, the transaction is expected to complete in the second half of the year. Meanwhile, the Group is closely monitoring the marketing of IoT system for elevators by the acquisition target. Pilot programs are currently running in more than 10 cities such as Shenzhen, Shanghai, Hangzhou, Suzhou, and Xuchang and customers' recognitions are being attained in each of the locations.

前景展望

正如前文所述，中央為國家之持續發展而頒布一系列新政策，讓各地的建設進入調整期，項目進度有短暫放緩的趨勢。本集團上半年亦積極爭取行業並購相關項目，二零一四年二月本集團亦與一家提供基於物聯網技術的ESS「電梯安全系統」之生產商開展收購計畫。本集團試圖未來在電梯物聯網安全監測系統上取得新突破。近年來，電梯事故頻發，相關新聞報導可謂日日可見，本集團期待利用其先進的物聯網感測器技術，對電梯自身的運行情況進行監測以預防電梯事故的發生，同時應用智慧視頻技術對電梯內部的被困人員進行告警和救援，從而通過ESS系統來全面提高普通百姓在使用電梯時的安全程度。本集團正對收購目標的產能進行最後階段的測試，倘交易之各項先決條件得已滿足及為本集團所滿意，是次收購有望於二零一四年下半年完成。與此同時，集團亦密切關注收購目標的電梯物聯網系統市場推廣工作，據悉目前試點工作已經在包括深圳、上海、杭州、蘇州、許昌等10餘個城市開展，且均得到了當地客戶的認可。

Note: ESS is an acronym standing for "Elevator Safety System". It is a system named by the Group for its IoT for elevator safety surveillance. ESS encompasses intelligent software, hardware and other relevant equipment such as intelligent sensors, intelligent video analysis systems and intelligent control cores. ESS can be widely applied to the monitoring and management of elevators. Differing from the traditional video safety system which only monitor the situations inside the elevators, ESS fully utilize advantages brought by IoT sensors which monitor the entire operations of the elevators. Real-time video of each parts of the elevator operations are fed to the management staff. This does not only allow the staff to monitor the situations inside the elevators but also to assess whether there is any safety risk from each components and parts of the elevators, hence, ESS may determine whether there is any malfunction of the elevators and whether there is any people trapped inside, and coordinate timely rescue in case of an emergency. In addition, ESS may monitor the maintenance work in order to ensure that maintenance and management of the elevators are in place through-out their life cycles, to try and reduce numbers of incidents in elevator malfunction. Demand of ESS is expected to grow along with the developments of smart cities. It is believed that ESS will be an efficient means to enhance elevator safety management.

註: ESS為「Elevator Safety System」的簡稱，即「電梯安全系統」，是集團對電梯物聯網安全檢測系統的別稱。ESS包括智慧軟件、硬體及其他相關設備，比如智慧傳感器、智慧視頻分析系統及智慧控制核心等等，對電梯安全的監測及管理具有廣泛的適用性。有別於傳統視頻安全系統僅能對電梯內部的視頻起到監控作用，ESS系統充分發揮先進物聯網感測器的優勢，利用智慧感測器對電梯的整體運行情況進行監測，將電梯各個部分的工作情況及電梯內部的視頻圖像實時傳送給後臺管理人員，使其不僅僅能得知電梯內部乘客的情況，同時還能知曉電梯各個部件是否存在潛在的安全隱患。由此，ESS系統可以自動判斷電梯是否發生故障，且發生故障時是否有乘客被困於電梯內部，並且可以依據需要及時進行應急救援指揮，從而避免乘客的人身傷害。此外，ESS系統還可以利用視頻子系統對電梯維護人員的工作過程進行監管，從而確保在電梯運行的全生命週期中都能得到確實有效的保養及管理，以降低電梯故障幾率。隨著智慧城市的推進，ESS的市場需求估計將日益增長，相信在不遠的未來，ESS系統會成為提高電梯安全管理的有效手段。

Furthermore, national standards relating to IoT surveillance system for elevators are being formulated. The acquisition target will help organize a conference on the discussion of such standards in late August in Shenzhen.

再者，國家關於電梯物聯網監測系統的國家標準制定工作也在進行當中，收購目標將協助組織8月下旬在深圳舉行的該等標準之討論會議。



The acquisition, once completed, will therefore expand the Group's business segments, enrich its sources of income, enhance its profit model, as well as reduce the impact caused by a single source of income which the Group had primarily relied on.

因此，管理層認為此次收購如能完成，將擴寬集團業務板塊，豐富集團收益來源，完善集團盈利模式，從而降低單一業務營收對集團整體收益的影響。

In spite of the reputation enjoyed by international brands, Chinese security enterprises have gained profound positions in the global market, and China's security surveillance equipment has become No. 1 of the world. China planned to invest RMB625 billion in the enhancement of industrial safety during its 12th five-year plan. In addition, the State Administration of Work Safety ("SAWS") published a timetable on the emergency platform system in Article 114 in September 2012. According to the timetable, the construction of network of platforms for emergency among mid-to-large-scaled enterprises on the provincial and municipal levels shall have been completed by 2015. It was also stressed that the construction progress of hardware should be parallel to that of software so as to maximize the favorable effects brought by digitalization of the emergency platform. All of the policies and plans orchestrate unprecedented opportunities to the industrial safety monitoring and public security constructions.

目前中國安防企業已經在全球安防市場站穩腳跟，儘管受到國際知名廠商影響，國內安防監控設備（前端）已躍居全球第一。國內方面，在安全生產「十二五」規劃期間，國家計畫投資6,250億元人民幣推進企業安全生產建設。國家安監總局亦於2012年9月發佈114號文明確提出政府所期望的應急平臺體系建設時間表，即在2015年或之前完成省、市級大中型企業的聯網建設，強調硬件建設和軟件建設兩手抓，最大限度地發揮應急平臺的資訊化優勢。這些都為工業安全監管和公共安全建設帶來千載難逢的機遇。

Looking forward, the Group will continue to focus on development of the two fundamental business segments. Even though projects led by the government slowed down during the period of policy adjustment, local governments remain proactive in facilitating the constructions of infrastructure and have strong commitment in public security. They attach even greater concerns on the developments of safe cities and smart cities and are eager to enhance the management standards of the entire society via traditional security surveillance and intelligent visualized management (“iVM”). Demands are particularly crucial in intelligent transportation system, digitalization of township management, city parking management system, and safety system. Consequently, manufacturers of mega-data centers and iVM platforms are expected to specialize in various industry segments going forward. They are expected to incorporate the diligent knowhow developed their business departments into the traditional video surveillance basis and fine tune the platform management to practice a 3D control of city with a view towards retaining the numbers of residents and reducing traffic jams. Enterprises which possess mega-data centers and in-depth expertise in formulating platforms are expected to bloom in the 2-3 years forthcoming.

After the high-speed development in the recent decades, public safety industry has not reached its climax. The rising of public safety industry is inevitable. Large-scaled and high-end projects will further penetrate into the industry. Being one of the leaders, Anxin-China will continue to lead the public security industry and the production safety monitoring, strive for breakthroughs on its public security segment, perfect our business models and enhance the innovation of our technologies, so as to lay down a profound position in the constructions of “smart cities” and achieve the Group’s vision, ‘Anxin-China’ your safety is our business”.

展望未來，中國安芯仍將同時注重於兩項基本業務的開拓。政策調整期政府主導的大規模投資雖然放緩，但地方政府仍然有加快基礎建設的衝動，政府仍然有強烈的建設保障民生安全的意願，對平安城市和智慧城市等項目更加關注，通過傳統安防監控和iVM智慧視覺化管理，提升整個社會的管理水準，尤其是對智慧交通、數字化城管、城市停車管理系統、平安城市等系統有着迫切的需求。所以，未來在大資料中心和智慧視覺化管理平臺發力的廠家，會進入行業細分領域。以傳統的視頻監控為基礎，結合業務部門的深度挖掘，以平臺管理調度為中心，實現城市「人留、車流」的立體管控，從而釋放政府部門人員管理壓力。佔據了「大資料」中心，具有大規模業務深度定制平臺能力的企業，將在未來兩三年內大放異彩。

安防行業經過近十幾年的快速發展，目前行業還遠沒有達到頂峰，安防的崛起勢不可擋，大規模投資高端項目將會與業務進一步深度融合。中國安芯作為其中的領跑者，將繼續領軍安防產業，立足生產安全監控，將公共領域安防作為業務突破點，以完善的商業模式配合創新的技術產品，力爭於「智慧城市」創建中拔得頭籌，實現「中國安芯，安心中國」的企業願景。

FINANCIAL REVIEW AND ANALYSIS

Consolidated Turnover and Net Profit

For the six months ended 30 June 2014, the Group's consolidated turnover was HK\$45,913,000 (six months ended 30 June 2013: HK\$526,115,000), a decrease of approximately 91%. The profit for the period attributable to owners of the Company was HK\$8,988,000 (six months ended 30 June 2013: HK\$421,996,000), a decrease of approximately 98%. Starting from second half of 2013, Mainland China's market environment changed to be uncertain and ambiguous. This change of market environment was continuously developing through the first half of 2014. Enterprises whose revenues are substantially derived from government-related projects were inevitably facing downside risks. The Group's ISD projects in Mainland China were still postponed in the first half of 2014. Therefore, the Group's consolidated turnover and net profit decreased.

Cost of Sales and Gross (Loss)/Profit

For the six months ended 30 June 2014, the Group's cost of sales was HK\$69,952,000 (six months ended 30 June 2013: HK\$70,487,000). Cost of sales refers to cost of hardware, amortisation of other intangible assets, staff costs, travelling expenses, business tax and surcharges, etc. The amount of amortisation of other intangible assets was a fixed charges every period, not variable along with the turnover. For the six months ended 30 June 2014, the amortisation of other intangible assets amounted to HK\$56,029,000 (six months ended 30 June 2013: HK\$43,314,000). Since the turnover decrease critically for the six months ended 30 June 2014, the gross profit decreased accordingly and resulted in a gross loss of HK\$24,039,000.

Segment Information

Details on Segment Information are present at Notes 4 to the Condensed Consolidated Financial Statement.

財務回顧及分析

綜合營業收入及淨利潤

二零一四年上半年，本集團之綜合營業收入為港幣45,913,000元（二零一三年上半年：港幣526,115,000元），下降約91%。歸屬於公司股東之淨利潤為港幣8,988,000元（二零一三年上半年：港幣421,996,000元），下降約98%。由於自二零一三年下半年起，中國內地整體市場環境惡化，並且這種整體環境的惡化一直持續至二零一四年上半年。各類以政府部門為主要客戶的企業大多受到影響。本集團期內於各地開展之ISD項目依舊受到不同程度的延期。因此，本集團之綜合營業收入和淨利潤皆下降。

營業成本及毛（損）／利

本期間，本集團之營業成本為港幣69,952,000元（二零一三年上半年：港幣70,487,000元）。營業成本主要包括硬件成本、無形資產攤銷、員工薪金、差旅費、營業稅金及附加及其他。其中無形資產攤銷為每期較固定之支出，不與營業收入變化相關。本期間，無形資產攤銷金額為港幣56,029,000元（二零一三年上半年：港幣43,314,000元）。由於本期間營業收入的下降，導致毛利隨之下降並錄得毛損港幣24,039,000元。

分部資料

分部資料之全部詳情載於簡明綜合財務表附註4。

Other Revenues

Other Revenue decreased from HK\$37,512,000 for the six months ended 30 June 2013 to HK\$18,866,000 for the six months ended 30 June 2014, decreased by 50%. This refers mainly to refund of value-added tax, subsidy income, interest income and rental income etc. During the reviewed period, the amount of the refund of value-added tax was approximately HK\$9,577,000 (six months ended 30 June 2013: HK\$30,935,000).

Other Gains and Losses

Other gains and losses refer to the goodwill impairment loss, fair value changes on contingent consideration shares, other intangible assets impairment reserve, inventory impairment reserve etc. During the reviewed period, the other gains and losses amounted to a gain of HK\$11,793,000 (six months ended 30 June 2013: Gain of HK\$2,098,000). The change during the reviewed period was mainly due to the gain of fair value changes on contingent consideration shares amounted to HK\$64,489,000 (six months ended 30 June 2013: HK\$9,953,000) · off-set by the goodwill impairment loss amounted to HK\$32,251,000 (six months ended 30 June 2013: HK\$9,111,000), other intangible assets impairment reserve amounted to HK\$15,403,000 (six months ended 30 June 2013: Nil), and other losses.

Selling and Distribution Costs

Selling and distribution costs refer mainly to the equity settled share-based payment to the Group's consulting company, share option expense arising from the Group's marketing partners, staff salaries, office rental etc. Under the reviewed period, selling and distribution costs amount to a net gain of HK\$40,097,000 (six months ended 30 June 2013: an expense of HK\$27,715,000). The gain on selling and distribution costs were primarily due to reversal of equity settled share-based payment to the Group's consulting company recognized in prior years amounted to a gain of HK\$46,072,000 (six months ended 30 June 2013: an expense of HK\$19,197,000).

其他收入

其他收入由二零一三年上半年之港幣37,512,000元下降至二零一四年上半年之港幣18,866,000元，下降約50%。該項目主要指增值稅退稅收入、財務補貼收入、利息收入及租金收入等。其中，於回顧期間，增值稅退稅金額為約港幣9,577,000元（二零一三年上半年：港幣30,935,000元）。

其他收益及虧損

其他收益及虧損主要指商譽減值、未支付股票對價的公允價值變動收益、其他無形資產減值、存貨減值等。於回顧期間，其他收益及虧損約為港幣收益11,793,000（二零一三年上半年：港幣收益2,098,000元）。該變化乃主要因於回顧之間，錄得未支付股票對價的公允價值變動收益額約為港幣64,489,000元（二零一三年上半年：港幣收益9,953,000元），抵減商譽減值撥備港幣32,251,000元（二零一三年上半年：港幣9,111,000元），其他無形資產減值撥備港幣15,403,000元（二零一三年上半年：港幣0元）及其他虧損所致。

銷售及市場推廣開支

銷售及市場推廣開支主要指授予本集團之顧問公司以權益結算股份開支，支付予本集團之市場推廣合夥人之購股權產生之購股權開支，本集團員工薪金、辦公室租金等。於回顧期間，銷售及市場推廣開支錄得收益港幣40,097,000元（二零一三年上半年：港幣開支27,715,000元），主要由於衝回以往年度確認之授予本集團之顧問公司之以權益結算股份開支港幣收益46,072,000元（二零一三年上半年：港幣開支19,197,000元）所致。

General and Administrative Expenses

For six months ended 30 June 2014, the Group's general and administrative expenses were approximately HK\$31,542,000 (six months ended 30 June 2013: HK\$24,608,000). This refers mainly to the share option expenses arising from the staff share-based remuneration, staff salaries, office rental etc. The share option expenses amounted to approximately HK\$10,833,000 (six months ended 30 June 2013: HK\$7,789,000).

Income Tax Expense

Decrease on the income tax expense for the period was mainly due to the decrease on the operating profit.

Total Comprehensive Income Attributable to Owners of the Company

Total comprehensive income attributable to owners of the Company for the period was approximately loss of HK\$94,030,000 (six months ended 30 June 2013: gain of HK\$481,854,000). The decrease in comprehensive income was the combined effect of decrease in revenue and the loss arising from the exchange differences on translation of foreign operation from RMB to HK\$ under other comprehensive income amounted to loss of HK\$103,083,000 (six months ended 30 June 2013: gain of HK\$59,858,000).

Earnings Per Share

The basic and diluted earnings per share for the period was HK0.29 cents (six months ended 30 June 2013: HK14.74 cents) and HK0.29 cents (six months ended 30 June 2013: HK14.06 cents) respectively.

Capital Expenditure

During the period, the Group acquired property, plant, equipment and other intangible assets of approximately HK\$43,629,000 (six months ended 30 June 2013: HK\$36,982,000). There is no significant disposal of property, plant or equipment during the reviewed period.

一般及行政開支

二零一四年上半年，本集團的一般及行政開支約為港幣31,542,000元（二零一三年上半年：港幣24,608,000元）。該項目主要指本集團僱員之購股權產生之購股權開支、員工薪金、辦公室租金等。其中，員工購股權開支為港幣10,833,000元（二零一三年上半年：港幣7,789,000元）。

所得稅開支

本期間所得稅開支下降主要由於營業收益下降所致。

歸屬於本公司股東的綜合收益總額

期內，歸屬於本公司股東的綜合收益總額約為港幣虧損94,030,000元（二零一三年上半年：港幣收益481,854,000元）。本期虧損的原因主要來自營業收入的下降及本期錄得其他綜合收益中人民幣換算港幣產生海外業務之匯兌損失港幣103,083,000元（二零一三年上半年：港幣收益59,858,000元）之綜合效果所致。

每股收益

期內，每股基本及攤薄收益分別為港幣0.29仙（二零一三年上半年：港幣14.74仙）及港幣0.29仙（二零一三年上半年：港幣14.06仙）。

資本性支出

期內，本集團購買約港幣43,629,000元之物業、廠房、設備及其他無形資產（二零一三年上半年：港幣36,982,000元）。期內，本集團概無重大物業、廠房或設備出售。

Share Capital

The audited profit for the year ended 31 December 2013 of Tech Praise Group exceeded HK\$78,000,000, therefore the guaranteed profit of HK\$78,000,000 was fulfilled. As such, during the reviewed period, according to the acquisition agreement, the Group issued to the vendor a total of 50,778,606 ordinary shares, being the 5th and the final tranches of Consideration Shares.

Liquidity and Financial Resources

The Group working capital requirement was funded primarily by cashflow and cash from operating activities. As at 30 June 2014, the Group had deposits, cash and cash equivalents amounting to approximately HK\$2,089,728,000 (31 December 2013: HK\$2,250,123,000), a decrease of 7%.

As at 30 June 2014, the Group's gearing ratio (total liabilities/total equities) is 7.5%. (31 December 2013: 9.7%).

As at 30 June 2014, the Group's current ratio (current assets/current liabilities) stands at 11x (31 December 2013: 8x). The increase in current ratio was due to the decrease in financial liabilities under the current liabilities. The Group maintains a net cash position, which reflects its stable financial position to cater to its future expansion.

Foreign Exchange Risk

The Group carried out its activities in China and majority of its transactions were settled in RMB. The Group's assets and liabilities as well as its transactions from operating activities are denominated in RMB. As a result, the Group believes it does not have foreign exchange risk which will materially affect its business. The Group does not use any long term contract or currency swap to hedge the foreign exchange risk. However, the management will continue to monitor the foreign currency risk and take appropriate and cautious measures.

股本

達嘉集團二零一三年度經審核之淨利潤超過港幣78,000,000元，已完成收購協議中約定的盈利保證港幣78,000,000元。故此，於期內，根據收購協議約定，本集團向賣方發行50,778,606股普通股作為支付代價股份（即第五批及最後一批代價股份）。

資金流動性及資金資源

本集團主要營運資金來自經營活動的現金流量及現金。於二零一四年六月三十日，本集團存款及現金及現金等值項目達港幣2,089,728,000元（二零一三年十二月三十一日：港幣2,250,123,000元），下降7%。

於二零一四年六月三十日，本集團的槓桿比率（負債總額／權益總額）為7.5%。（二零一二年十二月三十一日：9.7%）。

於二零一四年六月三十日，本集團的流動比率為（流動資產／流動負債）11（二零一三年十二月三十一日：8）。流動比率的上升主要是由於流動負債中金融負債的下降所致。本集團維持現金淨額狀況，反映其財政狀況穩健，足以應付未來發展。

外匯風險

本集團主要在中國經營業務，而大部份交易均以人民幣結算。本集團的資產及負債以及經營中產生的交易主要以人民幣計值。因此相信本集團並無重大影響本集團業務的匯率風險。本集團並無使用任何遠期合約或貨幣借款對沖其外匯風險。然而，管理層將繼續監察外匯風險，並採取適當及審慎的措施。

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 8 February, 2014, the Company entered into an acquisition agreement to buy the entire shares of Glory Pavilion Developments Limited, with the total consideration of HK\$1,300,000,000, which would be settled by cash. The total consideration would be paid in four instalments. Only when the corresponding guarantee condition for each tranches of payment was fulfilled, the cash consideration would be settled. As at 18 August, 2014, the Company entered into a supplemental agreement with the vendor and guarantor to amend the terms of the acquisition agreement in relation to the Long Stop Date, and the time and manner of the payment of the first instalment consideration. Up to the date of this report, the acquisition was not yet completed. Please refer to the Company's announcement on 8 February, 2014 and announcement on 18 August, 2014 for details.

No disposal of subsidiaries during the reviewed period.

DIVIDENDS

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: HK1.4 cents).

EMPLOYEE INFORMATION

As at 30 June 2014, the Group employed a total of 310 employees (31 December 2013: 354). The Group regularly reviews the remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including the staff provident fund scheme and the discretionary bonus scheme.

The emoluments of the directors are reviewed and recommended by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, for Board approval. During the review period, the employment cost (including directors' emoluments) amounted to approximately HK\$22,887,000 (six months ended 30 June 2013: HK\$24,974,000).

收購及出售附屬公司及聯營公司

於二零一四年二月四日，本公司簽訂一份關於收購榮軒發展有限公司全部股份的收購協議，收購總代價為港幣1,300,000,000元，全部以現金支付。總支付對價分四批現金支付，每一批現金支付唯與之對應的保證條款達成後方兌現。於二零一四年八月十八日，本公司與出售方及擔保方達成一份補充協議，更改收購協議有關遠期截止日，以及第一期轉讓代價的付款時間及形式的條款。截止本報告日，該收購暫未完成。有關收購事項詳情請參見本公司於二零一四年二月四日及二零一四年八月十八日發出之公告。

於回顧期內，本集團概無附屬公司出售。

股息

董事會並不建議派發截至二零一四年六月三十日止六個月之任何中期股息（截至二零一三年六月三十日止六個月：港幣1.4仙）。

僱員資料

於二零一四年六月三十日，本集團僱用合共310名僱員（二零一三年十二月三十一日：354名）。本集團會定期根據有關市場慣例及個別僱員之表現檢討僱員薪酬及福利。除支付基本薪金外，僱員亦享有其他福利，包括員工公積金計劃及酌情獎勵花紅計劃。

董事酬金乃由本公司之薪酬委員會經計及本公司之經營業績、市場競爭力、個人表現及成就而審閱及作出推薦建議，以供董事會批准。於回顧期間，僱員成本（包括董事酬金）約為港幣22,887,000元（截至二零一三年六月三十日止六個月：港幣24,974,000元）。

CHARGE ON GROUP ASSETS

As at 30 June 2014, the Group did not have any charges on its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests. The management, if considered beneficial to the future of the Group, may make new investments. In view of the market situation, the management may consider raising capital for funding new investments while reserving internal financial resources to support its core business.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND TREASURY POLICIES

The Group mainly operates in Mainland China and most of the assets, liabilities and transactions of the Group are denominated in RMB. The Group is exposed to foreign exchange translation risk, arising from the exposure of Hong Kong dollars against Renminbi.

The Group does not expect any appreciation or depreciation of the Renminbi Yuan against foreign currency which might materially affects the Group's result of operations. The Group did not use any financial instruments to hedge its exposure to exchange rate risk during the period and the Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

集團資產抵押

於二零一四年六月三十日，本集團概無抵押其任何資產。

重大投資之未來計劃及預期資金來源

本集團將會繼續密切監察業內動態並定期檢討其業務擴展計劃，以便採取符合本集團最佳利益之必要措施。管理層如認為對本集團之未來發展有利，可作出新投資。鑑於市場形勢，管理層可能會考慮為未來新投資進行集資，並同時預留內部財務資源支持其核心業務發展。

匯率波動風險及庫務政策

本集團主要於中國大陸營運及本集團大部份資產、負債及交易乃以人民幣計值。本集團承受因港幣對人民幣之匯率變動導致之外幣匯兌風險。

本集團預期人民幣元對外幣將不會出現可能會重大影響本集團經營業績之任何升值或貶值。本集團於期內並無使用任何金融工具以對沖其匯率風險，惟本集團將透過定期檢討其淨外幣匯兌風險而管理有關風險。

CAPITAL COMMITMENTS

The Group did not have any capital commitments that were contracted for as at 30 June 2014.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2014.

RETIREMENT SCHEME

The Group provides retirement benefits to its staff. The retirement contributions paid by the Group are based on certain percentage of the relevant portion of the payroll of all eligible employees in accordance with the relevant regulations in the PRC and are charged to the Statement of Comprehensive Income as incurred. The contributions paid for the six months ended 30 June 2014 and 30 June 2013 were approximately HK\$689,000 and HK\$764,000 respectively. The Group has made adequate provision in the financial statements in respect of the benefit schemes. In addition, the Group also provides housing and food allowance to its staff.

In Hong Kong, the Group has set up a retirement scheme in accordance with the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. All Hong Kong based employees and the Group are required to contribute 5% of their respective monthly wages (up to a maximum contribution of HK\$1,250 by each of the employee and the Group) on a monthly basis to the fund.

資本承擔

於二零一四年六月三十日，本集團概無任何已訂約之資本承擔。

或然負債

於二零一四年六月三十日，本集團並無任何重大或然負債。

退休計劃

本集團為其員工提供退休福利。本集團支付的退休供款乃遵照中國有關法規按所有合資格僱員薪金相關部份的若干百分比計算，並於產生時在全面收益表中支銷。截至二零一四年六月三十日及二零一三年六月三十日止六個月已支付的供款分別約為港幣689,000元及港幣764,000元。本集團已就福利計劃於財務報表作出充分撥備。此外，本集團亦向其員工提供房屋及膳食津貼。

本集團於香港已根據香港法例第485章強制性公積金計劃條例所規定的強制性公積金規定設立退休計劃。所有香港僱員及本集團須按其各自月薪的5%向該公積金作出供款（僱員及本集團各自的供款上限為港幣1,250元）。

OTHER INFORMATION

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

As at 30 June 2014, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	董事姓名	Number of Shares held		Number of options held		Approximate percentage of total issued ordinary Shares 佔全部已發行普通股之概約百分比
		Personal Interest	Corporate Interest	Personal Interest	Total	
		Personal Interest	Corporate Interest	Personal Interest	Total	
Mr. Liu Zhongkui	劉中奎先生	9,160,000	-	1,040,000	10,200,000	0.33
Mr. Lin Supeng	林蘇鵬先生	1,560,000	-	1,040,000	2,600,000	0.08
Mr. Yang Ma	楊馬先生	1,560,000	-	1,040,000	2,600,000	0.08

Note: The percentage has been calculated based on the total number of 3,060,987,019 ordinary shares of the Company in issue as at 30 June 2014.

其他資料

董事及最高行政人員於股份及相關股份之權益及淡倉

於二零一四年六月三十日，董事及本公司最高行政人員及彼等之聯繫人士於本公司或其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份或相關股份中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉），或根據證券及期貨條例第352條須載入於該條所述登記冊內之權益或淡倉，或根據上市規則之上市發行人董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之權益或淡倉如下：

附註：百分比已按本公司於二零一四年六月三十日已發行普通股總數3,060,987,019股計算得出。

Save as disclosed above, as at 30 June 2014, none of the Directors and the chief executive of the Company and their associates had interests or short positions in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a beneficial interest, either direct or indirect, in any significant contract to which the Company, its holding company or any of its subsidiaries was a party at the balance sheet date or at any time during the six months ended 30 June 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the six months ended 30 June 2014.

除上文所披露者外，於二零一四年六月三十日，董事及本公司最高行政人員及彼等之聯繫人士概無於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份或相關股份中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉），或根據證券及期貨條例第352條須載入於該條所述登記冊內之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事收購股份或債券之權利

除上文「董事及最高行政人員於股份及相關股份之權益及淡倉」一節所披露之詳情外，於回顧期間內任何時間，概無向任何董事或彼等各自之配偶或未滿18歲之子女授出權利，可藉收購本公司股份或債券而獲利，彼等亦無行使任何該等權力；本公司或其任何附屬公司亦概無參與任何安排，致使董事或彼等各自之配偶或未滿18歲子女於任何其他法人團體中獲得該等權利。

董事之合約權益

於結算日或於截至二零一四年六月三十日止六個月內之任何時間，董事概無於本公司、其控股公司或其任何附屬公司所訂立之任何重大合約中直接或間接擁有實益權益。

董事於競爭業務之權益

於截至二零一四年六月三十日止六個月內，董事概無於與本集團業務構成或可能構成直接或間接競爭之本集團業務以外之任何業務中擁有權益。

SHARE OPTION SCHEME

A share option scheme was adopted by the shareholders of the Company on 3 November 2003 (the “Old Share Option Scheme”). The Old Share Option Scheme has expired on 2 November 2013. A new share option scheme (the “New Share Option Scheme”) has been adopted by the shareholders of the Company on 30 May 2014 as an incentive to selected participants. No options under the Old Share Option Scheme has been exercised, cancelled or lapsed during the period under review. There are 30,724,000 share options outstanding under the Old Share Option Scheme as at 30 June 2014. No option has been granted under the New Share Option Scheme since its adoption.

Movements of the options under the Old Share Option Scheme, during the period under review were listed below:

購股權計劃

於二零零三年十一月三日，本公司股東採納購股權計劃（「舊購股權計劃」）。舊購股權計劃已於二零一三年十一月二日屆滿。於二零一四年五月三十日，本公司股東採納新購股權計劃（「新購股權計劃」）作為對經選定參與者之激勵。於回顧期間，根據舊購股權計劃，概無購股權已獲行使、註銷或失效。於二零一四年六月三十日，根據舊購股權計劃，30,724,000份購股權乃尚未行使。新購股權計劃自獲採納以來概無據此授出購股權。

根據舊購股權計劃於回顧期間內購股權變動情況乃列示如下：

Category	Date of grant	Number of share option held as at 01/01/2014 於二零一四年一月一日持有之購股權數目	Number of share option granted during the period 期內授出之購股權數目	Number of share option exercised during the period 期內行使之購股權數目	Number of share option lapsed during the period 期內失效之購股權數目	Number of share option held as at 30/06/2014 於二零一四年六月三十日持有之購股權數目	Exercise price HK\$ 行使價港幣	Exercise period 行使期
Directors: 董事：								
Mr. Liu Zhongkui 劉中奎先生	16 April 2012 二零一二年四月十六日	1,040,000 (Note) (附註)	-	-	-	1,040,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
Mr. Lin Supeng 林蘇鵬先生	16 April 2012 二零一二年四月十六日	1,040,000 (Note) (附註)	-	-	-	1,040,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
Mr. Yang Ma 楊馬先生	16 April 2012 二零一二年四月十六日	1,040,000 (Note) (附註)	-	-	-	1,040,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
Other eligible participants: 其他合資格參與者：								
Consultants 顧問	16 April 2012 二零一二年四月十六日	4,680,000 (Note) (附註)	-	-	-	4,680,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
Employee 僱員	16 April 2012 二零一二年四月十六日	20,324,000 (Note) (附註)	-	-	-	20,324,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
Substantial shareholder 主要股東	16 April 2012 二零一二年四月十六日	2,600,000 (Note) (附註)	-	-	-	2,600,000	1.5	16/04/2012 – 15/04/2015 (Note) 二零一二年四月十六日至二零一五年四月十五日 (附註)
		30,724,000	-	-	-	30,724,000		

Note:

附註：

These share options are exercisable within the said exercise period in the following manner: 該等購股權可於上述行使期內按下列方式行使：

1. 110,500,000 share options
110,500,000份購股權 : any time within the exercise period, i.e. 16 April 2012 to 15 April 2015
於行使期（即二零一二年四月十六日至二零一五年四月十五日）內之任何時間
2. 1,500,000 share options
1,500,000份購股權 : (i) up to one-third of the grantee's entitlement from the date of grant, i.e. 16 April 2012;
自授出日期（即二零一二年四月十六日）起最多可行使承授人之配額之三分之一；
(ii) up to two-thirds of the grantee's entitlement from the date after the expiry of 12 months from the date of grant, i.e. 16 April 2013; and
自授出日期起計12個月屆滿後當日（即二零一三年四月十六日）起最多可行使承授人之配額之三分之二；及
(iii) up to the grantee's full entitlement from the date after the expiry of 24 months from the date of grant, i.e. 16 April 2014.
自授出日期起計24個月屆滿後當日（即二零一四年四月十六日）起最多可行使承授人之全部配額。
3. 46,820,000 share options
(including 10,400,000 share options to Directors and substantial shareholder (as defined in the Listing Rules) of the Company)
46,820,000份購股權（包括董事及本公司主要股東（定義見上市規則）之10,400,000份購股權） : (i) up to 30% of the grantee's entitlement from the date of grant, i.e. 16 April 2012;
自授出日期（即二零一二年四月十六日）起最多可行使承授人之配額之30%；
(ii) up to 60% of the grantee's entitlement from the date after the expiry of 12 months from the date of grant, i.e. 16 April 2013; and
自授出日期起計12個月屆滿後當日（即二零一三年四月十六日）起最多可行使承授人之配額之60%；及
(iii) up to the grantee's full entitlement from the date after the expiry of 24 months from the date of grant, i.e. 16 April 2014.
自授出日期起計24個月屆滿後當日（即二零一四年四月十六日）起最多可行使承授人之全部配額。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the following persons or companies (other than the Directors and chief executives of the Company) had interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interested in 5% or more of the Company's issued share capital were as follow:

主要股東

於二零一四年六月三十日，下列人士或公司（董事及本公司之最高行政人員除外）於本公司股份或相關股份中擁有權益或淡倉，而須載入本公司根據證券及期貨條例第336條存置之登記冊，及於本公司已發行股本中直接或間接擁有5%或以上權益如下：

Name of substantial shareholder	Capacity in which shares were held	Number of shares	Number of underlying shares	Total	Approximate percentage of shareholding
主要股東名稱	所持股份之身份	股份數目	相關股份數目	總計	概約百分比
Chen Hong 陳洪	Interest of controlled corporation (Note 3) 受控制法團之權益 (附註3)	616,060,000	2,600,000	618,660,000	20.21%
Jin Yong Investments Limited 金勇投資有限公司	Beneficial owner (Note 3) 實益擁有人 (附註3)	231,916,000	0	231,916,000	7.58%
Elite Achieve Limited 卓達有限公司	Beneficial owner (Note 3) 實益擁有人 (附註3)	233,184,000	0	233,184,000	7.62%

Notes:

附註：

- The above are all long positions in the ordinary shares of the Company.
- The percentage has been calculated based on the total number of 3,060,987,019 ordinary shares of the Company in issue as at 30 June 2014.
- The 150,960,000 shares are owned by Mr. Chen Hong in person. The 231,916,000 shares and 233,184,000 shares are owned by Jin Yong Investments Limited and Elite Achieve Limited respectively. Both Jin Yong Investments Limited and Elite Achieve Limited are wholly owned by Mr. Chen Hong. Therefore, Mr. Chen Hong is deemed to be interested in the shares held by Jin Yong Investments Limited and Elite Achieve Limited under the SFO.

- 上述皆為本公司普通股之好倉。
- 百分比已按本公司於二零一四年六月三十日已發行普通股總數3,060,987,019股計算得出。
- 150,960,000股股份乃由陳洪先生個人擁有。231,916,000股股份及233,184,000股股份分別由金勇投資有限公司及卓達有限公司擁有。金勇投資有限公司及卓達有限公司均由陳洪先生全資擁有。因此，根據證券及期貨條例，陳洪先生被視為於金勇投資有限公司及卓達有限公司持有之股份中擁有權益。

Save as disclosed above, as at 30 June 2014, the Directors are not aware of any other person (other than the Directors or Chief Executive of the Company, whose interests are set out in the paragraph headed “Directors’ and Chief Executives Interest and Short Positions in Shares and Underlying Shares”), had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register kept by the Company under Part XV of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or is existing during the six months ended 30 June 2014.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2014, except for those disclosed in note 21 to the financial statements, the Group had no transactions with related or connected parties.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

除上文披露者外，於二零一四年六月三十日，董事並不知悉有任何其他人士（董事或本公司之最高行政人員除外，彼等之權益載於「董事及最高行政人員於股份及相關股份之權益及淡倉」一段）於本公司之股份或相關股份中擁有權益或淡倉，而須載入本公司根據證券及期貨條例第XV部存置之登記冊。

管理合約

於截至二零一四年六月三十日止六個月內，本公司概無就其整體或任何主要業務部分訂立或存在任何有關管理及行政之合約。

關連交易及關連人士交易

於截至二零一四年六月三十日止六個月內，除該等於財務報表附註21所披露者外，本集團並無與任何關聯或關連人士進行交易。

優先購買權

本公司之組織章程細則並無有關優先購買權之條文規定本公司須向現有股東按比例發售新股份。

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability. Throughout the six months ended 30 June 2014, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules, save for the deviations from code provisions A.2.1, A.4.1 and A.6.7 which are explained below.

Code Provision A.2.1

According to the code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and the chief executive officer (the "CEO") should be segregated and should not be performed by the same individual. However, Mr. Liu Zhongkui currently holds the offices of Chairman and CEO of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

買賣或贖回本公司上市股份

本公司及其任何附屬公司於截至二零一四年六月三十日止六個月內概無買賣或贖回本公司之任何上市股份。

企業管治

本集團恪守奉行高水平之企業管治標準，以保障全體股東之利益，並提高企業價值及加強問責性。截至二零一四年六月三十日止六個月，本公司已遵守上市規則附錄14所載之企業管治守則及企業管治報告（「企業管治守則」）所載之守則條文，惟守則條文第A.2.1、A.4.1及A.6.7條之偏離者除外，偏離原因於下文闡釋。

守則條文第A.2.1條

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁（「行政總裁」）的職位應有區分，而不應由同一人士擔任。然而，劉中奎先生現時擔任本公司主席兼行政總裁。董事會相信，由同一人士兼任主席及行政總裁職務可為本公司提供強勁及貫徹的領導，並可令業務決策及策略之規劃及實施有效及具效率。

Code Provision A.4.1

According to the code provision A.4.1 of the Corporate Governance Code, non-executive directors should be appointed for a specific term and subject to re-election. All independent non-executive Directors are appointed for a specific term except for Mr. Cheung Chuen who was not appointed for a specific term but he is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once for every three years according to the articles of association of the Company. The Company considered that such practice meets the same objective and is no less exacting than those prescribed under the code provision A.4.1 of the Corporate Governance Code.

Code Provision A.6.7

According to the code provision A.6.7 of the Corporate Governance Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagement, Mr. Adiv Baruch and Mr. Wang, John Peter Ben, both are non-executive Directors, could not attend the 2014 annual general meeting held on 30 May 2014 ("2014 AGM"). However, at the 2014 AGM, there were executive Directors and all other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry with all Directors, the Company confirmed that in respect of the six months ended 30 June 2014, all Directors had complied with the required standard set out in the Model Code.

守則條文第A.4.1條

根據企業管治守則之守則條文第A.4.1條，非執行董事須有指定任期及須膺選連任。全體獨立非執行董事均有指定任期，惟張全先生除外，彼並無指定任期，但彼須根據本公司組織章程細則於本公司股東週年大會上最少每三年輪席告退一次，並膺選連任。本公司認為，此舉已達致不遜於企業管治守則之守則條文第A.4.1條所規定之相同目的。

守則條文第A.6.7條

根據企業管治守則之守則條文第A.6.7條，獨立非執行董事及其他非執行董事應出席股東大會並對股東之意見有公正了解。由於專注於其他事務，非執行董事 Adiv Baruch先生及王志浩先生未能出席於二零一四年五月三十日舉行之二零一四年股東週年大會（「二零一四年股東週年大會」）。然而，於二零一四年股東週年大會上，執行董事及所有其他獨立非執行董事之出席能夠令董事會對股東之意見有公正了解。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載之標準守則作為董事進行證券交易之操守守則。經向全體董事作出具體查詢後，本公司確認，全體董事於截至二零一四年六月三十日止六個月一直遵守標準守則所載之規定準則。

AUDIT COMMITTEE

The audit committee is established with written terms of reference in compliance with the Corporate Governance Code. The audit committee has three members, including the Company's three independent non-executive Directors, namely Professor Li On-kwok, Victor, Mr. Xie Baitang and Mr. Cheung Chuen. Mr. Cheung Chuen is the chairman of the committee. The primary duties of the audit committee are to review the Company's annual report and accounts, interim reports and to provide advice and comments thereon to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be reflected in such reports and accounts and must give due consideration to any matter that has been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the internal control system of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. Besides, the audit committee will make recommendations to the Board on matters regarding the appointment of external auditors and auditing fee etc. The audit committee had reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

審核委員會

本公司已成立審核委員會，並具有符合企業管治守則之書面職權範圍。審核委員會由三名成員組成，包括本公司三名獨立非執行董事李安國教授、謝柏堂先生及張全先生。張全先生擔任委員會主席。審核委員會之主要職責為審閱本公司之年報及賬目、中期報告及就此向董事會提供意見及評論。此外，審核委員會亦將考慮在該等報告及賬目中反映或可能需要反映之任何重大及不尋常項目，並必須慎重考慮由本公司負責會計及財務申報職能之員工、監察主任及核數師提出之任何事宜。審核委員會亦負責審閱及監督財務申報程序及本集團之內部監控系統，包括資源、負責本集團會計及財務申報職能之員工資歷及經驗以及給予彼等之培訓計劃及預算是否充足。另外，審核委員會將向董事會作出有關委任外聘核數師及核數費用等事宜之推薦建議。審核委員會已審閱截至二零一四年六月三十日止六個月之未經審核簡明綜合中期財務報表，並認為該等報表乃遵照適用之會計準則而編製，並已作出充分披露。

NOMINATION COMMITTEE

The nomination committee is established with a defined terms of reference in consistent with the Corporate Governance Code. The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members and assessing the independence of independent non-executive Directors.

The nomination committee is led by Mr. Liu Zhongkui, the executive Director, the chairman and the CEO. Members of the nomination committee include Mr. Xie Baitang, Mr. Cheung Chuen and Professor Li On-kwok, Victor, all are independent non-executive Directors.

REMUNERATION COMMITTEE

The remuneration committee is established with a defined terms of reference in consistent with the Corporate Governance Code. The primary duties of the remuneration committee include making recommendations with respect to the remuneration of the executive Directors for approval by the Board, reviewing and recommending salaries, bonuses, merit plans, reward and recognition strategies, including the appropriation of funds for incentive awards for Directors, and administering and making determinations with regard to the Company's share option scheme.

The remuneration committee is led by Mr. Xie Baitang, an independent non-executive Director. Members of the remuneration committee include Professor Li On-kwok, Victor and Mr. Cheung Chuen both are independent non-executive Directors.

提名委員會

本公司成立提名委員會並具有與企業管治守則一致之界定職權範圍。提名委員會之主要職責包括檢討董事會架構、規模及組成，物色合資格人士出任董事會成員及評估獨立非執行董事之獨立性。

提名委員會由執行董事、主席兼行政總裁劉中奎先生領導。提名委員會成員包括獨立非執行董事謝柏堂先生、張全先生及李安國教授。

薪酬委員會

本公司已成立薪酬委員會並具有與企業管治守則一致之界定職權範圍。薪酬委員會之主要職責包括就執行董事薪酬作出推薦建議以供董事會審批，檢討及建議薪金、花紅、獎賞計劃、獎賞與嘉許策略（包括董事獎勵撥備），以及管理本公司購股權計劃並作出有關決策。

薪酬委員會由獨立非執行董事謝柏堂先生領導。薪酬委員會成員包括獨立非執行董事李安國教授及張全先生。

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee is established with a defined terms of reference in consistent with the Corporate Governance Code. The primary duties of the corporate governance committee include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report annually.

The corporate governance committee is led by Mr. Liu Zhongkui, the executive Director, the chairman and the CEO. Members of the corporate governance committee include Mr. Xie Baitang, Mr. Cheung Chuen and Professor Li On-kwok, Victor, all are independent non-executive Directors.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2014, there has no changes in information of the Directors required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

APPRECIATION

I would like to take this opportunity to extend my deepest gratitude to the Directors and staff as a whole for their immense contribution, dedication and diligence during the period under review.

By order of the Board
Anxin-China Holdings Limited
Liu Zhongkui
Executive Director

Hong Kong, 25 August 2014

As at the date of this report, the Board comprises four executive directors, namely Mr. Liu Zhongkui, Mr. Wang Bo, Mr. Lin Supeng and Mr. Yang Ma; two non-executive directors, namely Mr. Adiv Baruch and Mr. Wang, John Peter Ben; and three independent non-executive directors, namely Mr. Cheung Chuen, Mr. Xie Baitang and Professor Li On Kwok, Victor.

企業管治委員會

本公司已成立企業管治委員會並具有與企業管治守則一致之界定職權範圍。企業管治委員會之主要職責包括每年制定及檢討本公司之企業管治政策及常規並向董事會提出建議、檢討及監察董事及高級管理人員之培訓及持續專業發展、檢討及監察本公司在遵守法律及監管規定方面之政策及常規以及檢討本公司遵守企業管治守則之情況及在企業管治報告內之披露。

企業管治委員會由執行董事、主席兼行政總裁劉中奎先生領導。企業管治委員會成員包括獨立非執行董事謝柏堂先生、張全先生及李安國教授。

董事資料變動

於截至二零一四年六月三十日止六個月內，根據上市規則第13.51B(1)條，概無董事資料變動須予披露。

致謝

本人謹向各董事及全體員工於回顧期間作出之重大貢獻、努力不懈及盡忠職守表示深切之謝意。

承董事會命
 中國安芯控股有限公司
 執行董事
 劉中奎

香港，二零一四年八月二十五日

於本報告日期，董事會成員包括四名執行董事劉中奎先生、王波先生、林蘇鵬先生及楊馬先生；兩名非執行董事Adiv Baruch先生及王志浩先生；以及三名獨立非執行董事張全先生、謝柏堂先生及李安國教授。

