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首長科技集團有限公司
SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

INTERIM RESULTS

The board of directors (the “Board”) of Shougang Concord Technology Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014. These interim results have been reviewed by the Company’s Audit Committee and its Auditor.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended	
		30 June	
	<i>NOTES</i>	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Continuing operations			
Revenue	3	89,737	95,759
Cost of sales		(78,719)	(81,023)
Gross profit		11,018	14,736
Other income		1,902	6,490
Other expenses		(3,650)	(6,853)
Other gains and losses	4	(97,524)	(72,246)
Selling and distribution costs		(2,022)	(3,276)
Administrative expenses		(20,997)	(33,866)
Finance costs		(34,467)	(34,244)
Loss before tax		(145,740)	(129,259)
Income tax expense	5	(820)	(10,556)
Loss for the period from continuing operations		(146,560)	(139,815)
Discontinued operation			
Loss for the period from discontinued operation	6	(78,877)	(74,343)
Loss for the period	7	(225,437)	(214,158)
Other comprehensive (expense) income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange difference arising on translation of financial statements from functional currency to presentation currency		(23,970)	38,306
Share of translation differences of associates		–	62
		(23,970)	38,368
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Available-for-sale investments			
Fair value loss on available-for-sale investments		(2,323)	(15,793)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments		2,323	15,793
		–	–
Other comprehensive (expense) income for the period		(23,970)	38,368
Total comprehensive expense for the period		(249,407)	(175,790)

	Six months ended	
	30 June	
<i>NOTE</i>	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period attributable to the owners of the Company		
– from continuing operations	(132,817)	(112,400)
– from discontinued operation	(78,877)	(74,343)
	<u> </u>	<u> </u>
Loss for the period attributable to the owners of the Company	(211,694)	(186,743)
Loss for the period attributable to non-controlling interests from continuing operations	(13,743)	(27,415)
	<u> </u>	<u> </u>
	(225,437)	(214,158)
	<u> </u>	<u> </u>
Total comprehensive expense attributable to:		
Owners of the Company	(233,975)	(150,487)
Non-controlling interests	(15,432)	(25,303)
	<u> </u>	<u> </u>
	(249,407)	(175,790)
	<u> </u>	<u> </u>
LOSS PER SHARE		
<i>From continuing and discontinued operations</i>	<i>8</i>	
Basic and diluted (HK cents)	(7.36)	(6.94)
	<u> </u>	<u> </u>
<i>From continuing operations</i>		
Basic and diluted (HK cents)	(4.62)	(4.18)
	<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

		30 June 2014	31 December 2013
	<i>NOTE</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current Assets			
Property, plant and equipment		316,273	11,552
Prepaid lease payments		1,303,707	–
Intangible assets		1,884	2,955
Other receivables		37,374	40,262
Loan to an investee	9	–	83,291
Investments in associates		–	2,563
Available-for-sale investments		887	7,639
Club debentures		700	700
Advance to a Shareholder		597,282	–
Amounts due from related parties		74,909	–
		2,333,016	148,962
Current Assets			
Prepaid lease payments		46,561	–
Advance to a Shareholder		25,004	–
Inventories		16,205	9,601
Trade and bills receivables	9	82,110	55,927
Prepayments, deposits and other receivables	9	151,720	125,768
Amounts due from customers for contract work		248,205	314,818
Tax recoverable		2,001	693
Pledged bank deposits		22,611	24,101
Bank balances and cash		40,637	5,648
		635,054	536,556
Disposal group classified as held-for-sale		1,286,047	1,383,952
		1,921,101	1,920,508

		30 June	31 December
		2014	2013
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current Liabilities			
Trade and bills payables	<i>10</i>	132,577	144,993
Other payables, deposits received, receipt in advance and accruals	<i>10</i>	113,101	122,971
Amounts due to customers for contract work		7,756	–
Borrowings – due within one year		266,402	128,012
Advance from a Shareholder		30,000	–
Amounts due to related parties		20,747	–
Convertible loan notes and related payables		153,431	264,660
Embedded derivative components of convertible loan notes		23,639	24,914
Tax liabilities		22,072	8,261
Financial guarantee liabilities		3,734	2,283
Deferred revenue		33,940	–
		807,399	696,094
Liabilities associated with disposal group classified as held-for-sale		393,235	489,132
		1,200,634	1,185,226
Net Current Assets		720,467	735,282
Total Assets less Current Liabilities		3,053,483	884,244
Non-current Liabilities			
Deferred revenue		265,790	–
Borrowings – due after one year		460,074	–
Promissory note		585,000	–
Deferred tax liabilities		272,183	–
		1,583,047	–
Net Assets		1,470,436	884,244

	30 June 2014	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Capital and Reserves		
Share capital	1,709,893	673,035
Reserves	(740,925)	128,172
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	<u>11,910</u>	<u>12,768</u>
Equity attributable to owners of the Company	980,878	813,975
Non-controlling interests	<u>489,558</u>	<u>70,269</u>
Total Equity	<u>1,470,436</u>	<u>884,244</u>

Notes:

1. BASIS OF PREPARATION

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

The Group had net current liabilities (excluding assets and liabilities associated with disposal group classified as held-for-sale) of approximately HK\$172,345,000 as at 30 June 2014 of which approximately HK\$266,402,000 were attributable to borrowings due within one year and approximately HK\$153,431,000 were attributable to convertible loan notes payable within one year. In addition, disposal group classified as held-for-sale included current liabilities of HK\$1,436,713,000, of which bank borrowings due within one year amounted to HK\$187,155,000. Taking into account the financial resources of the Group, including its unutilised banking facilities, its ability to renew or refinance the banking facilities upon maturity and financial support from a substantial shareholder (as defined in the Listing Rules) of the Company, HNA Group (International) Company Limited (“HNA International” or “a Shareholder”), a company incorporated in Hong Kong, with limited liability, the directors of the Company (the “Directors”) are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013. In addition, the following new accounting policies became applicable to the Group during the current interim period subsequent to acquisition of the entire equity interest in Hillview Golf Development Company Limited, which hold 65% of Dongguan Hillview Golf Company Limited, collectively referred to as “Hillview Group”.

Revenue from golf club operations

The initial membership fee is amortised on a straight-line basis based on the remaining period to the expiry date of business license of the golf club of the Group and the unamortised initial membership fee is recognised as deferred revenue. The monthly membership fee and the service income related to the usage of golf club’s facilities are recognised when services are provided.

Revenue from hotel and leisure operations

Revenue from hotel and leisure operations comprising hotel accommodation, food and beverages are recognised when the services are rendered.

Deferred revenue

Deferred revenue represents the unamortised portion of initial membership fees.

Leasehold land

Interest in leasehold land that is accounted for an operating lease is presented as “prepaid lease payments” in the condensed consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that classified and accounted for as investment properties under the fair value model.

Substantial modification of a financial liability

Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current interim period.

HK(IFRIC) – Int 21 Levies

HK(IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of HK(IFRIC) – Int 21 and the other new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”), being the Managing Director of the Company, for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

On 30 June 2014, the Group has completed the acquisition of the golf club and hotel business and the golf club and hotel business are reviewed by CODM in single operating segment.

The Group’s reportable and operating segments from continuing operations under HKFRS 8 are as follows:

- | | |
|---------------------------------------|---|
| Intelligent information business | – Provision of system value-added service solution and development and sales of hardware of computer products |
| Sales of light emitted diode products | – Provision of system design, and sales of system hardware and light emitted diode products |
| Golf club and hotel business | – Operation of golf club and provision of hotel and leisure services |

Since 2011, a reportable and operating segment namely the “DTV technical solutions and equipment business” was classified as a disposal group held-for-sale and included in discontinued operation. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 6.

(a) **Segment revenue and results**

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

For the six months ended 30 June 2014 (unaudited)

Continuing operations

	Intelligent information business <i>HK\$'000</i>	Sales of light emitted diode products <i>HK\$'000</i>	Golf club and hotel business <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE				
External sales	<u>89,665</u>	<u>72</u>	<u>–</u>	<u>89,737</u>
Segment loss	<u>(17,454)</u>	<u>(691)</u>	<u>–</u>	<u>(18,145)</u>
Unallocated income and gains				612
Unallocated expenses				(17,550)
Impairment loss recognised in respect of available-for-sale investments				(6,636)
Impairment loss recognised in respect of a loan to an investee				(81,523)
Gain on fair value change of the derivative components of convertible loan notes				25,308
Losses on financial guarantee contracts				(14,502)
Amortisation of financial guarantee contracts				1,163
Finance costs				<u>(34,467)</u>
Loss before tax (continuing operations)				<u><u>(145,740)</u></u>

For the six months ended 30 June 2013 (unaudited)

Continuing operations

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

Segment loss represents the loss from each segment without allocation of bank interest income, rental income, corporate expenses and those disclosed in the reconciliation above. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

There was no inter-segment sales for the six months ended 30 June 2014 and 2013.

(b) Segment assets and liabilities

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

	30 June 2014 <i>HK\$'000</i> (unaudited)	31 December 2013 <i>HK\$'000</i> (audited)
Continuing operations reportable segment assets		
Intelligent information business	529,977	557,301
Sales of light emitted diode products	4,251	4,275
Golf club and hotel business	<u>1,669,811</u>	<u>–</u>
Continuing operations reportable segment liabilities		
Intelligent information business	201,050	204,957
Sales of light emitted diode products	15,336	13,007
Golf club and hotel business	<u>336,778</u>	<u>–</u>

Reportable segment assets of golf club and hotel business include property, plant and equipment, prepaid lease payments, inventories, trade receivables and prepayments, deposits and other receivables.

Reportable segment liabilities of golf club and hotel business include trade payables, other payables, deposits received, receipt in advance and accruals and deferred revenue.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Continuing operations		
Impairment loss recognised in respect of deposit and interest receivables from 浙江華海實業有限公司	(3,735)	–
Gain on fair value change of the derivative components of convertible loan notes	25,308	28,991
Impairment loss recognised in respect of a loan to an investee	(81,523)	–
Impairment loss recognised in respect of goodwill	–	(70,188)
Impairment loss recognised in respect of other receivables	–	(357)
Impairment loss recognised in respect of trade receivables	(5,422)	(342)
Impairment loss recognised in respect of available-for-sale investments	(6,636)	(15,793)
Impairment loss recognised in respect of amounts due from customers for contract work	(12,267)	(13,556)
Net exchange loss	(679)	(611)
Losses on financial guarantee contracts	(14,502)	(4,739)
Amortisation of financial guarantee contracts	1,163	4,415
Gain (loss) on disposal of property, plant and equipment	4	(98)
Others	765	32
	<u>(97,524)</u>	<u>(72,246)</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	820	4,277
Underprovision in prior periods:		
EIT	–	6,279
Income tax expense	<u>820</u>	<u>10,556</u>

For the six months ended 30 June 2014 and 2013, no provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No specific deduction is entitled on the applicable tax rate for the six months ended 30 June 2014 and 2013.

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

6. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

Digital television (“DTV”) business

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	–	–
Cost of sales	<u>(60,298)</u>	<u>(59,610)</u>
Gross loss	(60,298)	(59,610)
Other income	191	1,207
Other gains and losses	(5,512)	79
Administrative expenses	(2,881)	(3,697)
Finance costs	<u>(10,377)</u>	<u>(12,322)</u>
Loss before tax	(78,877)	(74,343)
Income tax expense	<u>–</u>	<u>–</u>
Loss for the period from discontinued operation and attributable to owners of the Company	<u>(78,877)</u>	<u>(74,343)</u>

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Property, plant and equipment	668,569	736,926
Investment properties	48,128	49,329
Goodwill	13,854	14,200
Intangible assets	352,856	372,734
Trade receivables	175,736	180,122
Prepayments and other receivables	24,559	28,368
Restricted bank balance (<i>note</i>)	2,143	2,210
Bank balances and cash	202	63
	<hr/>	<hr/>
Total assets classified as held-for-sale	1,286,047	1,383,952
	<hr/> <hr/>	<hr/> <hr/>
Trade and bills payables	24,191	26,602
Other payables and accruals	21,683	26,696
Tax liabilities	93,945	96,289
Bank borrowings	253,416	339,545
Amounts due to group entities	1,109,739	1,036,425
	<hr/>	<hr/>
Total liabilities associated with disposal group classified as held-for-sale	1,502,974	1,525,557
Less: Amounts due to group entities	(1,109,739)	(1,036,425)
	<hr/>	<hr/>
Liabilities associated with disposal group classified as held-for-sale	393,235	489,132
	<hr/> <hr/>	<hr/> <hr/>
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	11,910	12,768
	<hr/> <hr/>	<hr/> <hr/>

For presentation in the condensed consolidated statement of financial position as at 30 June 2014, the amounts due to group entities amounting to HK\$1,109,739,000 (31 December 2013: HK\$1,036,425,000) has been excluded from the total liabilities associated with disposal group classified as held-for-sale.

Note: The restricted bank balance represented frozen money as ruled by the PRC court in respect of a legal proceeding between the Group and its supplier for services received.

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in cost of sales)	10,836	10,850
Depreciation of property, plant and equipment	51,558	50,915
Bank interest income	(3)	–
Rental income from leasing of property, plant and equipment	(23)	(132)
Rental income from leasing of investment properties	(165)	(1,075)
	<u> </u>	<u> </u>

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

	<i>HK\$'000</i>
30 June 2014 (unaudited)	
Net cash outflows used in operating activities	(19,481)
Net cash outflows used in investing activities	(1,137)
Net cash inflows from financing activities	<u>20,757</u>
Net cash inflows	<u> 139</u>
30 June 2013 (unaudited)	
Net cash outflows used in operating activities	(34,117)
Net cash outflows used in investing activities	(18,567)
Net cash inflows from financing activities	<u>54,878</u>
Net cash inflows	<u> 2,194</u>

As disclosed in the Company's 2010 to 2013 annual reports, the Company had been advised by Southern Media Corporation, a state-owned enterprise in the PRC, about the reorganisation of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company (the "Reform") which is led by the Steering Group on the Reform of Guangdong Cultural Structure (廣東省文化體制改革工作領導小組). Upon the completion of the Reform, the cable digital broadcasting networks of Guangdong Province will be ultimately owned and operated by Guangdong Broadcasting Network Co., Ltd. (廣東省廣播網絡有限公司) ("Guangdong Network"), a state-owned enterprise in the PRC. As a result, the Group is no longer able to operate the DTV business and is required to exit the DTV business.

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

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

Due to the delay in completing the disposal, the Directors initiated discussion with Guangdong Network and are seeking for a potential buyer for the disposal of the DTV Disposal Group. In 2013, Guangdong Network, Yijiatong and another state-owned enterprise jointly engaged a valuer in the PRC to perform valuation of the DTV Disposal Group. There is no formal sales agreement and no valuation of the DTV Disposal Group has been concluded as at the date of this announcement.

The Directors are still committed to sell the DTV Disposal Group and consider the disposal transaction remains highly probable as the policy of the Reform remains unchanged and Reform is still ongoing. However, no formal sale agreement has been signed up to the date of this announcement. The Directors consider it is appropriate that the DTV Disposal Group is continued to be classified as held-for-sale in the condensed consolidated statement of financial position as at 30 June 2014.

As at 30 June 2014, the net assets value of the DTV Disposal Group included in the condensed consolidated financial statements (the “Net Assets Value of the DTV Disposal Group”) amounted to HK\$892,812,000 (31 December 2013: HK\$894,820,000) and the Directors are confident that the recoverable amount of the DTV Disposal Group would not be less than the Net Assets Value of the DTV Disposal Group.

(i) *Revenue*

As mentioned above, the Group is no longer able to operate the DTV business under the existing structure and no longer entitled to own the operation rights in providing multi-media information services based on cabled DTV network in the Guangdong Province in return of certain percentage of technical service income generated from Southern Yinshi and local DTV project companies. Thus, there is no revenue recognised for both periods.

(ii) *Property, plant and equipment*

For the six months ended 30 June 2014, DTV Disposal Group acquired property, plant and equipment of approximately HK\$1,153,000 (six months ended 30 June 2013: HK\$18,756,000) to operate its DTV business.

(iii) *Investment properties at fair value*

The fair values of the investment properties of DTV business at 30 June 2014 have been estimated by the Directors with reference to recent market prices for similar properties in same locations and conditions.

The fair values of the investment properties of DTV business at 31 December 2013 had been arrived at on the basis of a valuation carried out on that date by Messrs. Guangdong Junghua Asset & Real Estate Appraisal Co., Ltd., independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for same properties in the same location and condition.

All of the DTV business property interests held under medium-term lease in the PRC to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

(iv) *Trade receivables*

An aged analysis of the trade receivables associated with DTV Disposal Group classified as held-for-sale at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
1 – 2 years	–	72,502
Over 2 years	<u>175,736</u>	<u>107,620</u>
	<u>175,736</u>	<u>180,122</u>

Included in the trade receivables balance classified as assets held-for-sale are debtors with an aggregate carrying amount of approximately HK\$175,736,000 (31 December 2013: HK\$180,122,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(v) *Trade and bills payables*

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
0 – 90 days	245	24,942
181 – 365 days	22,367	1,254
1 – 2 years	1,182	401
Over 2 years	397	5
	<u>24,191</u>	<u>26,602</u>

(vi) *Bank borrowings*

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Carrying amount repayable:		
Within one year	187,155	198,975
More than one year, but not exceeding two years	66,261	114,942
More than two years, but not exceeding five years	–	25,628
	<u>253,416</u>	<u>339,545</u>
Secured	67,136	102,486
Unsecured	186,280	237,059
	<u>253,416</u>	<u>339,545</u>

During the six months ended 30 June 2014, there was no new loan associated with DTV Disposal Group classified as held-for-sale obtained by the Group (six months ended 30 June 2013: HK\$67,436,000, which are guaranteed by the Company).

During the six months ended 30 June 2014, the Group repaid bank borrowings amounting to approximately HK\$78,112,000 (six months ended 30 June 2013: HK\$12,558,000). The bank borrowings of the DTV Disposal Group are variable rate borrowings which carry interest at two to three years benchmark interest rate of the People's Bank of China with 20% (31 December 2013: 20%) mark up and are repayable in 2015 and 2016 (31 December 2013: repayable in 2014 to 2015).

The secured bank borrowings are pledged by the investment properties and property, plant and equipment of the DTV Disposal Group.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Amortisation of intangible assets	1,004	1,004
Depreciation of property, plant and equipment	1,414	1,547
Total depreciation and amortisation	<u>2,418</u>	<u>2,551</u>
Research and development expenses (included in other expenses)	122	2,872
Acquisition related costs for the golf club and hotel business (included in other expenses)	3,528	–
Penalties charged by PRC State Administration of Foreign Exchange (included in other expenses) (note)	–	3,981
(Gain) loss on disposal of property, plant and equipment	(4)	98
Bank interest income	(81)	(4,666)
Imputed interest income in respect of deposit and interest receivables from 浙江華海實業有限公司	<u>(1,821)</u>	<u>(1,824)</u>

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

8. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	<u>211,694</u>	<u>186,743</u>

2014	2013
'000	'000

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

2,876,372	2,692,141
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The computation of diluted loss per share does not assume exercise of share options and conversion of convertible loan notes for the six months ended 30 June 2014 and 2013 because the assumed exercise of share options and conversion of convertible loan notes would result in decrease in loss per share from continuing operations.

From continuing operations

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

Six months ended 30 June	
2014	2013
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Loss figures are calculated as follows:

Loss for the period attributable to the owners of the Company	211,694	186,743
Less: Loss for the period from discontinued operation attributable to the owners of the Company	78,877	74,343
	<hr/>	<hr/>
Loss for the purposes of basic and diluted loss per share from continuing operations	132,817	112,400

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK2.74 cents per share (six months ended 30 June 2013: HK2.76 cents per share).

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

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the purposes of basic and diluted loss per share attributable to owners of the Company	<u>78,877</u>	<u>74,343</u>

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

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

(a) Trade and bills receivables

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

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

	30 June	31 December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 – 90 days	56,565	15,787
91 – 180 days	1,657	15,084
181 – 365 days	15,472	18,898
1 – 2 years	4,827	4,682
Over 2 years	3,589	1,476
	<u>82,110</u>	<u>55,927</u>

(b) Prepayments, deposits and other receivables

At 30 June 2014, the balance mainly included advances to suppliers in relation to intelligent information business of HK\$112,261,000, deposit for projects for intelligent information business of HK\$26,151,000 and advance to staff of HK\$4,957,000.

At 31 December 2013, the balance mainly included advances to suppliers in relation to intelligent information business of HK\$84,453,000, deposit for projects for intelligent information business of HK\$30,937,000 and advance to staff of HK\$4,047,000.

(c) **Loan to an investee**

Shenzhen Tiger Information Technology Development Co., Ltd. (深圳市泰格信息科技開發有限公司) (“Tiger Information”), a wholly-owned subsidiary of the Group, entered into a loan agreement with Wuxi Ledong Microelectronics Co., Ltd. (無錫樂東微電子有限公司) (“Ledong”) pursuant to which Tiger Information provided a loan of RMB65,000,000 (equivalent to HK\$81,263,000 based on exchange rate prevailing as at 30 June 2014) to Ledong, which in turn was lent to Wuxi Remarkable Mask Limited (無錫中微掩模電子有限公司) (“Wuxi Remarkable”) as a shareholder’s loan for the development of its photomask project in the PRC. Such loan is unsecured, non-interest bearing. At 31 December 2013, the Directors consider that the amount will not be recoverable within one year, as such, the amount is classified as non-current assets as at 31 December 2013. At 31 December 2013, the management considered that Wuxi Remarkable has the ability to settle the loan and its recoverability is probable. During the current interim period, the Directors has requested for a settlement plan and financial information of Wuxi Remarkable, however, Wuxi Remarkable did not have any response on the settlement plan nor provide any financial information. Despite the Directors will continue to take appropriate action to recover the loan, the Directors are of the opinion that the recovery of the outstanding balance is no longer probable and the entire amount has been impaired.

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

(a) **Trade and bills payables**

The following is an aged analysis of the trade and bills payables based on the invoice date at the end of reporting period:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
0 – 90 days	40,883	58,966
91 – 180 days	19,940	18,997
181 – 365 days	14,757	5,801
1 – 2 years	30,573	13,156
Over 2 years	26,424	48,073
	132,577	144,993

(b) **Other payables, deposits received, receipt in advance and accruals**

At 30 June 2014 and 31 December 2013, the balance mainly represented deposits received from suppliers and value added tax payable in relation to intelligent information business as well as accrued staff costs. At 31 December 2013, the balance also included the deposit received from Guang Hua related to the disposal of the DTV business of HK\$50,000,000 and this amount was refunded during the six months ended 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover from continuing operations for the six months ended 30 June 2014 amounted to HK\$89.7 million (six months ended 30 June 2013: HK\$95.8 million).

Loss attributable to the owners of the Company for the period amounted to HK\$211.7 million (six months ended 30 June 2013: HK\$186.7 million), analysed as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Loss from continuing operations	(132,817)	(112,400)
Loss from discontinued operation:		
– Digital television business services	<u>(78,877)</u>	<u>(74,343)</u>
Loss attributable to the owners of the Company for the period	<u>(211,694)</u>	<u>(186,743)</u>

Basic loss per share of the Group are as follows:

	Six months ended 30 June	
	2014	2013
	HK cents	HK cents
Basic loss per share from continuing operations	(4.62)	(4.18)
Basic loss per share from discontinued operation	<u>(2.74)</u>	<u>(2.76)</u>
Basic loss per share from continuing and discontinued operations of the Group	<u>(7.36)</u>	<u>(6.94)</u>

As at 30 June 2014, the Group's equity attributable to the owners of the Company amounted to HK\$980.9 million, representing an increase of HK\$166.9 million over the figure as at 31 December 2013 of HK\$814.0 million. The net assets value per share attributable to the owners of the Company as at 30 June 2014 was HK\$0.45 (31 December 2013: HK\$0.33).

Financial Review

Revenue, cost of sales and gross profit from continuing operations

Revenue from continuing operations for the period decreased by HK\$6.0 million (6.3%) compared to the same period in prior year, which is mainly attributable to the decrease in revenue from intelligent information business with further details disclosed in “SEGMENT INFORMATION” below. Cost of sales from continuing operations for the period dropped by HK\$2.3 million (2.8%) with a smaller extent of decrease compared with revenue, resulting in gross profit ratio dropped from 15.4% in prior period to 12.3% in current period.

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

Loss for the period from continuing operations attributable to the owners of the Company increased by HK\$20.4 million (18.2%) compared to prior year. The main reason for the increase in loss was due to the Company’s increased efforts in internal control along with implementation of stringent control over provision for assets for the purpose of its long-term operation, including impairment loss on loan to an investee amounting to HK\$81.5 million.

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

Discontinued operations represented digital television business. Loss for the period from discontinued operations attributable to the owners of the Company slightly increased by HK\$4.5 million (6.1%) compared to prior year mainly due to exchange loss of HK\$5.6 million was arisen from translation of presentation currency from Hong Kong dollars into Renminbi, which is the functional currency of digital television business in accordance with Hong Kong Accounting Standards.

Segment Information

Intelligent information business

Intelligent information business refers to the development and provision of system integration solutions, system design and sale of system hardware. As there was a slowdown in the economy of China, intelligent information business incurred a loss. The turnover and operating losses of intelligent information business for the period reached HK\$89.7 million (six months ended 30 June 2013: HK\$93.1 million) and HK\$17.5 million (six months ended 30 June 2013: HK\$90.7 million), respectively.

Although the gross profit decreased from HK\$14.7 million for the six months ended 30 June 2013 to HK\$11.0 million in for the six months ended 30 June 2014, the decrease in loss was mainly resulted from full impairment loss of goodwill amounting to HK\$70,188,000 during the six months ended 30 June 2013, as it was expected that the development of the intelligent information business would slow down and the future revenue to be granted from intelligent information business was expected to decline.

Digital television business services

The turnover and total loss of digital television business for the period were Nil (six months ended 30 June 2013: Nil) and HK\$78.9 million (six months ended 30 June 2013: HK\$74.3 million), respectively. The Group ceased to receive the income from digital television business services subsequent to 30 June 2012.

At present, the disposal transaction of the DTV business under the Group is pending completion. The parties are currently negotiating the transaction amount and transaction terms. The Group believe that the final transaction price can realize an amount worth the value of such business.

Sales of light emitted diode products and others

During the period, the turnover and operating loss of sales of light emitted diode products and others segments amounted to HK\$0.1 million (six months ended 30 June 2013: HK\$2.6 million) and HK\$0.7 million (six months ended 30 June 2013: HK\$3.2 million) respectively.

Operations of golf club and provision of hotel and leisure services

As at 30 June 2014, the Group completed the acquisition of 100% of Hillview Golf Development Company Limited and will extend its business into operations of golf club and provision of hotel and leisure services into second half of 2014.

Prospect

Throughout the completion of acquisition of 100% of Hillview Golf Development Company Limited, the Group will extend its business into operations of golf club and provision of hotel and leisure services into second half of 2014. The Group will also actively explore new businesses for investments and development so as to bring better return to shareholders in the future.

Liquidity and Financial Resources

The financial leverage of the Group as at 30 June 2014, as compared to 31 December 2013 is summarised below:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Total debt		
– from bank and others	726,476	128,012
– from convertible loan notes	153,431	264,660
– from promissory note	585,000	–
	<hr/>	<hr/>
Sub-total	1,464,907	392,672
Pledged bank deposits	(22,611)	(24,101)
Cash and bank deposits	(40,637)	(5,648)
	<hr/>	<hr/>
Net debt	1,401,659	362,923
Total capital (equity and total debt)	2,445,785	1,206,647
Total assets	4,254,117	2,069,470
Financial leverage		
– net debt to total capital	57.3%	30.1%
– net debt to total assets	32.9%	17.5%

Financing Activities

During the period, the Group has raised HK\$156.1 million through issuing 538,428,000 ordinary shares and raised new borrowings of HK\$229.1 million from banks, third parties and a director of HK\$100.8 million, HK\$123.3 million and HK\$5.0 million respectively, to provide working capital for the Group.

Capital Structure

As at 30 June 2014, the number of shares in issue and issued share capital of the Company were 3,280,569,179 (31 December 2013: 2,692,141,179) and approximately HK\$1,709.9 million (31 December 2013: HK\$673.0 million) respectively.

Charge on Assets

As at 30 June 2014, assets pledged to banks to secure banking facilities (including bank borrowings and bills payables and mortgage granted on membership fee income) granted to the Group are as follows:

	30 June 2014	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	48,128	49,329
Buildings	216,345	11,106
Prepaid lease payments	1,350,268	–
Bank deposits	22,611	24,101
	<hr/>	<hr/>
Total	<u>1,637,352</u>	<u>84,536</u>

As at 30 June 2014, among assets pledged, investment properties of HK\$48.1 million (31 December 2013: HK\$49.3 million) and buildings of HK\$10.7 million (31 December 2013: HK\$11.1 million) were classified as disposal group held-for-sale.

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operation results of the Group may be affected by the volatility of Renminbi. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2014, there were no derivative financial instruments employed by the Group.

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

Reference to the announcement dated 30 June 2014, the Group completed acquisition of 100% of Hillview Golf Development Company Limited on 30 June 2014 through issuance of a promissory note with a principal amount of HK\$743.1 million as consideration, which will be matured on the third anniversary of the issue date. Throughout the acquisition, the Group will extend its business into operations of golf club and provision of hotel and leisure services in the second half of 2014.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2014.

Contingent Liabilities

As at 30 June 2014, the contingent liabilities of the Group were arisen from cross guarantees of HK\$104.4 million (31 December 2013: HK\$126.2 million) for credit facilities granted to certain third parties, and the amount utilised was HK\$103.8 million (31 December 2013: HK\$111.5 million).

Employees and Remuneration Policies

The Group had a total of 852 employees as at 30 June 2014.

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

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2014 (2013: Nil).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expressed a disclaimer opinion in the auditor's report. The basis for disclaimer of opinion is extracted as follows:

Basis for Disclaimer of Conclusion

The sales agreement entered into between the Group and Hong Kong Guang Hua Resources Investments Company Limited, an independent third party, in relation to the disposal of certain subsidiaries of the Group (collectively referred as the "DTV Disposal Group") lapsed on 30 June 2013. The directors of the Company are seeking for a potential buyer for the disposal of the DTV Disposal Group and consider the disposal transaction remains highly probable, however, no formal sales agreement has been signed up to the date of this report. The directors are of the view that the carrying amounts of the assets included in the DTV Disposal Group are measured in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs") taking into account of the potential disposal and are also confident that the recoverable amount of DTV Disposal Group in its entirety would not be less than the net assets value of the DTV Disposal Group included in condensed consolidated statement of financial position as at 30 June 2014.

However, no formal sales agreement and valuation in relation to the DTV Disposal Group has been concluded as at the date of this report. In the absence of a formal sales agreement and an appropriate valuation performed as at 30 June 2014, we were unable to obtain sufficient information to assess (i) whether the disposal of the DTV Disposal Group is still highly probable and the classification of the DTV Disposal Group as held-for-sale in the condensed consolidated financial statements remains appropriate; (ii) whether certain assets included in the DTV Disposal Group are measured in accordance with the applicable HKFRSs; and (iii) the DTV Disposal Group in its entirety is measured at the lower of its net assets value and fair value less cost of disposal in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” issued by the HKICPA.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the condensed consolidated financial statements. Accordingly, we do not express a conclusion on these condensed consolidation financial statements.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2014 except that Mr. Mung Kin Keung, the Executive Chairman of the Company, was unable to attend the annual general meeting of the Company held on 6 June 2014 since he had other business engagements, which deviated from code provision E.1.2.

APPRECIATION

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

By Order of the Board
Shougang Concord Technology Holdings Limited
Mung Kin Keung
Executive Chairman

Hong Kong, 28 August 2014

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Non-executive Chairman), Mr. Mung Kin Keung (Executive Chairman), Mr. Li Tongshuang (Managing Director), Mr. Mung Bun Man, Alan (Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).