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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Board") of Shougang Concord Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 with comparative figures for the year ended 31 December 2010. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** **HK$'000**	2010 HK$'000 (Restated)
Continuing operations			
Revenue	4	**282,704**	324,404
Cost of sales		**(237,809)**	(281,313)
Gross profit		**44,895**	43,091
Investment income	5(a)	**16,450**	5,417
Other gains and losses	5(b)	**105,499**	35,254
Other expenses		**(14,052)**	(1,806)
Selling and distribution costs		**(11,410)**	(7,699)
Administrative expenses		**(93,045)**	(87,781)
Impairment loss recognised in respect of available-for-sale investment		**(5,200)**	–
Impairment loss on disposal group classified as held-for-sale		**(9,763)**	–
Impairment loss recognised in respect of goodwill		**(110,588)**	–
Share of loss of associates		**–**	(114)
Finance costs	6	**(84,208)**	(68,074)
Loss before tax		**(161,422)**	(81,712)
Income tax (expense) credit	7	**(3,581)**	2,014
Loss for the year from continuing operations	8	**(165,003)**	(79,698)
Discontinued operations			
Profit for the year from discontinued operations		**21,331**	88,529
(Loss) profit for the year		**(143,672)**	8,831

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive income		
Exchange differences on translation		
Exchange difference arising during the year	**57,436**	13,053
Share of translation difference of associates	**293**	438
Reclassification adjustment upon disposal of an associate	**(289)**	(32)
Available-for-sale investments		
Reclassification adjustment upon partial disposal of an associate	**–**	(1,024)
Reclassification adjustment upon disposal of an associate	**2,090**	–
Reclassification adjustment upon loss of significant influence of an associate	**(2,154)**	–
Share of revaluation of available-for-sale investments held by associates	**–**	(14,329)
Revaluation of property		
Gain on revaluation upon transfer from property, plant and equipment to investment properties	**2,902**	18,629
Deferred tax upon transfer from property, plant and equipment to investment properties	**(436)**	(2,794)
Other comprehensive income for the year	**59,842**	13,941
Total comprehensive (expense) income for the year	**(83,830)**	22,772
(Loss) profit for the year attributable to:		
(Loss) profit for the year attributable to the owners of the Company		
– Loss for the year from continuing operations	**(169,973)**	(79,028)
– Profit for the year from discontinued operations	**21,331**	88,535
(Loss) profit for the year attributable to the owners of the Company	**(148,642)**	9,507
Profit (loss) for the year attributable to non-controlling interests		
– Profit (loss) for the year from continuing operations	**4,970**	(670)
– Loss for the year from discontinued operations	**–**	(6)
Profit (loss) for the year attributable to non-controlling interests	**4,970**	(676)
	(143,672)	8,831

	NOTE	2011 HK$'000	2010 HK$'000 (Restated)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(91,669)**	22,332
Non-controlling interests		**7,839**	440
		(83,830)	22,772
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(6.79)**	0.44
From continuing operations			
Basic and diluted *(HK cents)*		**(7.76)**	(3.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	31.12.2011 HK$'000	31.12.2010 HK$'000
Non-current assets			
Investment properties		**–**	95,660
Property, plant and equipment		**16,163**	708,318
Prepaid lease payments		**–**	2,452
Goodwill		**74,668**	197,512
Intangible assets		**8,841**	406,695
Deposits paid for acquisition of equipment		**–**	169,275
Deposit paid for acquisition of a property		**43,050**	40,600
Investments in associates		**6,690**	68,758
Available-for-sale investments		**54,217**	8,120
Club debentures		**700**	700
Deferred tax assets		**9,871**	5,283
		214,200	1,703,373
Current assets			
Prepaid lease payments		**–**	84
Inventories		**23,894**	17,695
Trade and bills receivables	10	**112,247**	243,850
Prepayments, deposits and other receivables		**304,704**	410,057
Held-for-trading investments		**2,490**	8,621
Amounts due from customers for contract work		**419,773**	383,969
Amount due from an associate		**–**	9,976
Tax recoverable		**1,711**	1,725
Pledged bank deposits		**333,106**	245,142
Bank balances and cash		**118,870**	210,318
		1,316,795	1,531,437
Disposal groups classified as held-for-sale		**1,549,304**	–
		2,866,099	1,531,437
Current liabilities			
Trade and bills payables	11	**198,710**	246,357
Other payables, deposits received and accruals		**55,739**	237,888
Provision		**–**	7,643
Amounts due to customers for contract work		**1,770**	25,598
Convertible loan notes		**87,626**	441,203
Embedded derivative components of convertible loan notes		**19,444**	28,490
Tax liabilities		**11,685**	26,132
Borrowings – due within one year		**609,641**	466,520
		984,615	1,479,831
Liabilities associated with disposal groups classified as held-for-sale		**555,999**	–
		1,540,614	1,479,831
Net current assets		**1,325,485**	51,606
Total assets less current liabilities		**1,539,685**	1,754,979

	31.12.2011	31.12.2010
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings – due after one year	**–**	329,440
Convertible loan notes	**235,812**	–
Embedded derivative components of convertible loan notes	**44,123**	–
Other payable	**–**	125,280
Deferred tax liabilities	**–**	4,359
	279,935	459,079
Net assets	**1,259,750**	1,295,900
Capital and reserves		
Share capital	**560,535**	535,535
Reserves	**616,111**	714,136
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	**29,036**	–
Equity attributable to owners of the Company	**1,205,682**	1,249,671
Non-controlling interests	**54,068**	46,229
Total equity	**1,259,750**	1,295,900

NOTES

1. **GENERAL**

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Shougang Holding (Hong Kong) Limited, a private company incorporated in Hong Kong, is a substantial shareholder of the Company. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the Company's annual report.

The functional currency of the Company is Renminbi ("RMB") as the Company mainly holds investment in subsidiaries whose operations are primarily in the People's Republic of China (the "PRC").

As the Company is listed in Hong Kong, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars ("HK$"), the presentation currency for the consolidated financial statements.

On 23 December 2011, the Group entered into a sale agreement to dispose of its digital television ("DTV") technical solution and equipment business (the "DTV business"). The disposal is expected to be completed in June 2012 upon shareholders' approval.

The assets and liabilities attributable to the DTV business have been classified as a disposal group held-for-sale and are presented separately in the consolidated statement of financial position as the management considered that the sale is highly probable and the business is available for immediate sale. As such, profit for the year from the DTV business has been presented as profit for the year from discontinued operations and is presented separately in the consolidated statement of comprehensive income. The comparative figures of the consolidated statement of comprehensive income for the year ended 31 December 2010 have been restated to reflect the discontinuance of the DTV business.

2. **BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out in the annual report. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has applied HKAS 24 Related Party Disclosures (as revised in 2009) in full in the current year. The application of HKAS 24 (as revised in 2009) has resulted in changes in related party disclosures on the following two aspects:

a) The Group is a government-related entity as defined in HKAS 24 (as revised in 2009). HKAS 24 (as revised in 2009) provides a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government related entities. Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances with (a) the government that has significant influence over the Group and (b) other entities that are controlled, jointly controlled, significantly influenced by the same government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

b) In addition, HKAS 24 (as revised in 2009) has revised the definition of a related party.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no effect on the amounts recognised or recorded in the consolidated financial statements for the current and prior years. However, the related party disclosures set out in the consolidated financial statements have been changed to reflect the application of HKAS 24 (as revised in 2009).

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities as at 31 December 2011, the application of HKFRS 9 will affect the measurement and classification of the Group's available-for-sale investment, but is not likely to affect the Group's other financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards that are applicable to the Group are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards is not likely to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the application of the new Standard is not likely to affect the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for the Group for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods will not have material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker, 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. The Group's reportable and operating segments under HKFRS 8 are as follows:

Intelligent information business – Development and provision of system integration solutions, system design and sale of system hardware.

Others – Provision of management services, leasing of investment properties, and sales of light emitted diode projects. At 31 December 2011, assets and liabilities relating to leasing of investment properties were classified as disposal group held-for-sale.

In 2011, a reportable and operating segment namely the "DTV technical solutions and equipment business" was classified as disposal group held-for-sale and included in discontinued operations. In 2010, two reportable and operating segments of the Group, namely "traditional business" and "high precision metal components business" were discontinued. The segment information reported below does not include any amounts for these discontinued operations.

Segment revenues and results

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

For the year ended 31 December 2011

Continuing operations

	Intelligent information business *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
SEGMENT REVENUE			
External sales	**273,925**	**8,779**	**282,704**
Inter-segment sales	**–**	**–**	**–**
Total	**273,925**	**8,779**	**282,704**
Segment profit (loss)	**27,914**	**(47,874)**	**(19,960)**
Unallocated income			**1,334**
Decrease in fair value of held-for-trading investments			**(1,552)**
Gain on disposal of available-for-sale investments			**241**
Impairment loss on an available-for-sale investment			**(5,200)**
Gain on loss of significant influence of an associate			**2,154**
Impairment loss recognised in respect of goodwill			**(110,588)**
Gain on disposal of an associate			**2,894**
Gain on fair value change of the derivative components of convertible loan notes			**63,226**
Impairment loss on disposal group classified as held-for-sale			**(9,763)**
Finance costs			**(84,208)**
Loss before tax (continuing operations)			**(161,422)**

For the year ended 31 December 2010

Continuing operations

	Intelligent information business *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated)
SEGMENT REVENUE			
External sales	316,645	7,759	324,404
Inter-segment sales	–	–	–
Total	316,645	7,759	324,404
Segment profit (loss)	18,309	(72,802)	(54,493)
Unallocated income			1,381
Decrease in fair value of held-for-trading investments			(5,313)
Gain on disposal of available-for-sale investments			83
Gain on disposal of subsidiaries			479
Gain on fair value change of the derivative components of convertible loan notes			44,339
Share of loss of associates			(114)
Finance costs			(68,074)
Loss before tax (continuing operations)			(81,712)

The accounting policies of the operating segments are the same as the Group's significant accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of certain income and expense (including income from provision of utility services, net of foreign exchange gain) and those disclosed in the reconcilation above. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

There was no inter-segment sales in 2011 and 2010.

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

	31.12.2011	31.12.2010
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Continuing operations		
Intelligent information business	**854,765**	883,118
Others *(Note)*	**107,426**	96,998
Total segment assets	**962,191**	980,116
Reconciliation of segment total to group total:		
Disposal group classified as held-for-sale and constituted discontinued operations		
DTV technical solutions and equipment business	**1,480,952**	1,483,812
	2,443,143	2,463,928
Unallocated assets:		
Investments in associates	**6,690**	68,758
Bank balances and cash	**118,870**	210,318
Available-for-sale investments	**54,217**	8,120
Pledged bank deposits	**333,106**	245,142
Held-for-trading investments	**2,490**	8,621
Deferred tax assets	**9,871**	5,283
Deferred consideration	**109,501**	222,215
Other unallocated assets	**2,411**	2,425
Consolidated assets	**3,080,299**	3,234,810

Note: At 31 December 2011, it included an amount of HK$68,352,000 relating to lease of investment properties classified as disposal group held-for-sale.

	31.12.2011	31.12.2010
	HK$'000	*HK$'000*
		(Restated)
Segment liabilities		
Continuing operations		
Intelligent information business	**225,982**	278,532
Others *(Note)*	**46,505**	27,302
Total segment liabilities	**272,487**	305,834
Reconciliation of segment total to group total:		
Liabilities associated with disposal group classified as held-for-sale and constituted discontinued operations		
DTV technical solutions and equipment business	**539,731**	341,291
	812,218	647,125
Unallocated liabilities:		
Borrowings	**609,641**	795,960
Convertible loan notes (including embedded derivative components)	**387,005**	469,693
Tax liabilities	**11,685**	26,132
Consolidated liabilities	**1,820,549**	1,938,910

Note: At 31 December 2011, it included an amount of HK$16,268,000 relating to lease of investment properties classified as disposal group held-for-sale.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than investments in associates, bank balances and cash, available-for-sale investments, pledged bank deposits, held-for-trading investments, deferred consideration, deferred tax assets and other unallocated assets; and

- all liabilities are allocated to operating segments other than borrowings, convertible loan notes, tax liabilities and deferred tax liabilities.

Other segment information

2011

Continuing operations

	Intelligent information business *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Capital expenditure *(Note)*	**7,402**	**245**	**7,647**
Depreciation of property, plant and equipment	**2,914**	**8,123**	**11,037**
Amortisation of intangible assets	**2,256**	**–**	**2,256**
Increase in fair value of investment properties	**–**	**(470)**	**(470)**
Loss (gain) on disposal of property, plant and equipment	**33**	**(37,561)**	**(37,528)**
Write-down of inventories	**–**	**1,965**	**1,965**
Impairment loss on amounts due from customers for contract work	**1,214**	**–**	**1,214**
Impairment loss in respect of other receivables	**–**	**1,621**	**1,621**
Impairment loss in respect of intangible assets	**641**	**–**	**641**
Impairment loss in respect of trade receivables	**882**	**2,475**	**3,357**
Release of prepaid lease payments	**–**	**84**	**84**

2010

Continuing operations

	Intelligent information business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Capital expenditure *(Note)*	9,959	3,906	13,865
Depreciation of property, plant and equipment	2,749	3,064	5,813
Amortisation of intangible assets	2,456	–	2,456
Increase in fair value of investment properties	–	3	3
Gain on disposal of property, plant and equipment	(90)	–	(90)
Impairment loss on amounts due from customers for contract work	1,086	–	1,086
Impairment loss in respect of other receivables	–	3,775	3,775
Impairment loss in respect of intangible assets	2,290	–	2,290
Impairment loss in respect of trade receivables	3,764	–	3,764
Share-based payment expenses	–	8,386	8,386
Release of prepaid lease payments	–	22	22

Note: Capital expenditure includes additions to property, plant and equipment and intangible assets but excludes those relating to discontinued operations.

5(a). INVESTMENT INCOME

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest on bank deposits	**12,449**	1,150
Interest on deposit paid for acquisition of a property	**4,001**	3,382
Imputed interest income	**–**	885
	16,450	5,417

5(b). OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Gain on fair value change of the derivative components of convertible loan notes	**63,226**	44,339
Gain on disposal of property, plant and equipment	**37,528**	90
Net foreign exchange gain	**3,880**	2,202
Gain on disposal of an associate	**2,894**	–
Government subsidy *(Note)*	**2,197**	–
Gain on loss of significant influence of an associate	**2,154**	–
Proceeds from sale of scrap	**975**	299
Gain on fair value changes of investment properties	**470**	3
Gain on disposal of available-for-sale investments	**241**	83
Impairment loss in respect of intangible assets	**(641)**	(2,290)
Impairment loss in respect of amounts due from customers for contract work	**(1,214)**	(1,086)
Decrease in fair value of held-for-trading investments	**(1,552)**	(5,313)
Impairment loss in respect of other receivable	**(1,621)**	(3,775)
Impairment loss in respect of trade receivables	**(3,357)**	(3,764)
Gain on disposal of partial interest in an associate	**–**	150
Income from provision of utility services	**–**	612
Reversal of impairment loss in an associate	**–**	2,542
Gain on disposal of subsidiaries	**–**	479
Others	**319**	683
	105,499	35,254

Note: Government subsidy was received from the relevant government bureau of the PRC mainly to encourage a PRC subsidiary to operate as a high technology company in the present location. In order to entitle for the grants, the PRC subsidiary has to be engaged in high technology business and met criteria pursuant to PRC government document. The PRC subsidiary complied with conditions attached with this government subsidy and subsidy was recognised upon receipt.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	**22,688**	10,330
Convertible loan notes	**59,752**	57,598
Loan from a related company	**1,709**	–
Loan from a shareholder	**56**	–
Others	**3**	146
	84,208	68,074

7. INCOME TAX EXPENSE (CREDIT)

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax:		
Regions in the PRC other than Hong Kong	**9,323**	3,930
Underprovision in prior years:		
Hong Kong	**–**	5
Deferred tax		
Current year	**(2,729)**	(5,949)
Attributable to a change in tax rate	**(3,013)**	–
	(5,742)	(5,949)
	3,581	(2,014)

No provision for Hong Kong Profits Tax has been made for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010.

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 except for the followings:

(a) Pursuant to the relevant laws and regulations in the PRC, a principal subsidiary of the Company is having a 50% reduction in the applicable tax rate from 2010 to 2012.

(b) A major operating subsidiary in the PRC was qualified as High and New Technology Enterprises since 2008 and is entitled to a preferential income tax rate of 15% from 2008 to 2010. Tax rate is 25% from 2011.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rate would increase progressively from 15% to 18%, 20%, 22%, 24% and 25% for the years ended/ending 31 December 2008, 2009, 2010, 2011 and 2012 respectively.

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	**60,272**	38,936
– Share-based payments	**–**	8,386
– Retirement benefit scheme contributions	**5,704**	3,164
Total staff costs	**65,976**	50,486
Depreciation of property, plant and equipment	**11,037**	5,813
Amortisation of intangible assets (included in cost of sales)	**2,256**	2,456
Total depreciation and amortisation	**13,293**	8,269
Auditor's remuneration	**2,699**	1,669
Cost of inventories recognised as expenses (including write-down of inventories in 2011: HK$1,965,000, 2010: nil)	**28,876**	40,057
Contract costs recognised as expenses	**206,668**	239,096
Research and development costs (included in other expenses)	**2,607**	1,806
Maintenance expenses in relation to disposal of Remarkable Mask Technology Company Limited (included in other expenses)	**11,445**	–
Release of prepaid lease payments	**84**	22

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((Loss) profit for the year attributable to owners of the Company)	**(148,642)**	9,507

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**2,189,812**	2,142,141

The incremental shares from assumed exercise of share options and conversion of convertible notes are excluded in calculating the diluted (loss) earnings per share from the continuing and discontinued operations because they are antidilutive in calculating the diluted 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:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Loss figures are calculated as follows:		
(Loss) profit for the year attributable to the owners of the Company	**(148,642)**	9,507
Less: Profit for the year from discontinued operations	**21,331**	88,535
Loss for the purposes of basic and diluted loss per share from continuing operations	**(169,973)**	(79,028)

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

The computation of diluted loss per share from the continuing operations for both years has not assumed the exercise of share options and conversion of convertible notes as the effect of which would reduce the loss per share from the continuing operations.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.97 cents per share (2010: earning of HK$4.13 cents per share (restated)).

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit for the purposes of basic and diluted earnings per share attributable to owners of the Company	**21,331**	88,535

10. TRADE AND BILLS RECEIVABLES

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

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

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**48,889**	202,813
91 – 180 days	**13,594**	27,707
181 – 365 days	**8,168**	10,659
1 – 2 years	**38,026**	2,671
Over 2 years	**3,570**	–
	112,247	243,850

11. 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:

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**90,069**	215,278
91 – 180 days	**15,288**	22,559
181 – 365 days	**14,238**	4,471
1 – 2 years	**77,188**	–
Over 2 years	**1,927**	4,049
	198,710	246,357

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2010: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 May 2012 to Friday, 25 May 2012 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Friday, 25 May 2012 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 23 May 2012 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover from continuing operations for the year ended 31 December 2011 amounted to HK$282.7 million (31 December 2010: HK$324.4 million (restated)), representing a decrease of 13% over the previous year. The decline in turnover was mainly attributable to the negative impact on system integration solution services business due to the macroeconomic measures and policies on property curbs by the PRC. Stricter surveillance by the PRC government resulted in a slowdown in the progress of projects, which in turn led to a drop in realized income for the year under review.

Loss attributable to the owners of the Company for the year amounted to HK$148.6 million (31 December 2010: profit of HK$9.5 million), analyzed as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Loss from continuing operations	**(169,973)**	(79,028)
Profit (loss) from discontinued operations:		
– Digital television business services	**21,331**	99,921
– Traditional business	**–**	(13,588)
– High precision metal components business	**–**	2,202
	21,331	88,535
(Loss) profit attributable to the owners of the Company for the year	**(148,642)**	9,507

Basic (loss) earnings per share of the Group:

	2011	2010
	HK cents	*HK cents*
		(Restated)
– Basic loss per share from continuing operations	**(7.76)**	(3.69)
– Basic earnings per share from discontinued operations	**0.97**	4.13
Basic (loss) earnings per share from continuing and discontinued operations of the Group	**(6.79)**	0.44

As at 31 December 2011, the Group's equity attributable to the owners of the Company amounted to HK$1,205.7 million, representing a decrease of HK$44.0 million over the figure as at 31 December 2010 of HK$1,249.7 million. The net assets value per share attributable to the owners of the Company as at 31 December 2011 was HK$0.54 (31 December 2010: HK$0.58).

Digital Television Business Services

During the year, the Group received technical service fee income amounting to approximately HK$214.4 million (2010: HK$156.1 million). The rise in service fee income received was mainly due to the reorganization of the digital television business in the second half of 2010. Which results in the change of income sharing model and contributes to the increase of income. Besides, the increasing number of new subscribers during the year and the provision of more advanced digital television technology solutions by the Group through making use of more advanced equipment newly acquired contribute to the overall increase in technical service fee income.

As announced in the Company's announcement dated 14 December 2011, the Company has been advised by Southern Media Corporation of the reform measures about the reorganization of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company. As a result, the Company will no longer be able to operate the digital television business under the existing structure. In the circumstances, the Company decided to exit the digital television business and entered into the disposal agreement with the purchaser on 23 December 2011 to transfer the Company's entire interest in South China Digital TV Holdings Limited to the purchaser, who may have the right to operate the digital television business after the enforcement of the reform measures. After completion of the disposal, the Company will no longer hold any interest in South China Digital TV Holdings Limited, and the digital television business has been classified as discontinued business during the year.

After the Disposal, the Company's remaining business would be the development and provision of system integration solutions, system design and sale of system hardware. With the Company's exit from the digital television business as a result of the disposal, the Company will actively explore new businesses for investments and developments to maximize return to shareholders in the future.

System Integration Solution Services

The system integration solution services have continued to generate a stable return for the Group. The turnover and operating profit of the system integration solution services during the year amounted to HK$273.9 million (2010:HK$316.6 million) and HK$27.9 million (2010: HK$18.3 million) respectively. As disclosed in the paragraph under "Business Review", the decline in turnover was mainly attributable to a slowdown in the progress of projects. However, operating profit rose substantially by HK$9.6 million due to more effective cost control for the year. During the year, the Group undertook a number of large-scale intelligent building projects and the business is expected to post a sustainable growth in the future.

During the year, the Group invested approximately HK$1.8 million for acquisition of 15% equity interest in 浙江世紀協和節能科技有限公司 with an aim to go in line with the rapid growth of the energy saving and environmental protection advocating industry in China and strive to develop the energy saving business. The Group will continue to explore and develop the energy saving product business such as developing a series of energy saving products for the telecommunication industry. It is expected that this new opportunity will bring reasonable return to the Group in the future.

PROSPECT

Through the resources integration by way of disposal of digital television business and certain other disposals, the Group has redeployed resources in system integration solution services. The Group will also actively explore new businesses for investments and development to maximize return to shareholders in the future.

In addition, a subsidiary of the Group will focus on the development of cooling system for mobile telecommunication base station in the sphere of intelligent system business, providing a series of energy saving products to reduce system energy consumption as well as continuously developing energy saving equipment. The Group has signed cooperation agreements with some domestic mobile network companies in relation to energy saving business, whereby the Group will provide energy-saving remodeling solution and products in accordance with energy-saving requirements of the mobile network companies. The Group believes that the new energy-saving business will bring considerable return to the Group in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The financial leverage of the Group as at 31 December 2011, as compared to 31 December 2010 is summarized below:

	As at	
	31 December 2011	31 December 2010
	HK$'000	*HK$'000*
Total debt		
– from bank	**516,111**	795,960
– from convertible loan notes	**323,438**	441,203
– from a related company, a shareholder and a third party	**93,530**	–
Sub-total	**933,079**	1,237,163
Pledged bank deposits	**(333,106)**	(245,142)
Cash and bank deposits	**(118,870)**	(210,318)
Net debt	**481,103**	781,703
Total capital (equity and total debt)	**2,138,761**	2,486,834
Total assets	**3,080,299**	3,234,810
Financial leverage		
– net debt to total capital	**22.5%**	31.4%
– net debt to total assets	**15.6%**	24.2%

FINANCING ACTIVITIES

During the year, the Group has raised new borrowings of HK$731.2 million from banks, a related company, a shareholder and a third party to provide working capital for the subsidiaries of the Group. Moreover, the Group has issued new convertible loan notes with an aggregate principal amount of HK$360.0 million, which were mainly used to repay the convertible loan notes with an aggregate principal amount of HK$385.0 million due in April 2011.

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 exposure regularly and may consider using financial instruments to hedge against foreign exchange exposures at appropriate times. As at 31 December 2011, there were no derivative financial instruments employed by the Group.

CAPITAL STRUCTURE

During the year, the Group issued 100,000,000 ordinary shares and the issued share capital was HK$25 million. As at 31 December 2011, the number of ordinary shares in issue and issued share capital of the Company were 2,242,141,179 (31 December 2010: 2,142,141,179) and approximately HK$560.5 million (31 December 2010: HK$535.5 million) respectively.

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

During the year, the Group completed the disposal of certain leasehold land and buildings located in Tai Po Industrial Estate at a consideration of HK$55 million which resulted in a gain on disposal amounted to HK$37.6 million.

Moreover, the Group entered into two disposal agreements on 12 December 2011 to dispose the entire interest in Santai Electronics Limited and Aberdeen Investments Limited which are principally engaged in property investment businesses to two purchasers through two subsidiaries. The disposals would streamline the Group's businesses and would enable a deployment of richer resources on operations which would generate higher returns and/or are possessed with higher potential.

CONTINGENT LIABILITIES

As at 31 December 2011, the contingent liabilities of the Group were arisen from cross guarantees given by a subsidiary of RMB45 million (31 December 2010: RMB55 million) for credit facilities granted to a third party, and the amount utilized was RMB41 million (31 December 2010: RMB41 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 326 employees as at 31 December 2011.

The remuneration policies of the Group are to ensure fairness and competitiveness of total remuneration in order to motivate and retain current employees as well as to attract potential ones. Remuneration packages are carefully structured to take into account local practices under various geographical locations in which the Group and subsidiaries operate. The remuneration packages of the employees include salary, discretionary bonuses, pension schemes, medical subsidies and share options as part of their staff benefits.

EVENTS AFTER THE REPORTING PERIOD

(a) On 23 December 2011, the Company has entered into a sale agreement to dispose of its entire interest in DTV business, which carried out all of the Group's DTV technical solutions and equipment business, at consideration of HK$1,350 million. According to the supplemental agreement dated 29 February 2012, the consideration has been revised to HK$1,420 million. The disposal is expected to be completed in June 2012.

    In February 2012, part of the consideration amounting to HK$50,000,000 was collected.

(b) In December 2011, the Company has entered into agreements to dispose of its entire interests in Santai Electronics Limited and Aberdeen Investments Limited for a consideration of RMB43,000,000 (equivalent to HK$52,835,000) and RMB10,000,000 (equivalent to HK$12,287,000), respectively. Part of the consideration of HK$13,038,000 and HK$13,053,000 were collected in December 2011 and March 2012, respectively. The disposal is expected to be completed in 2012.

(c) On 29 February 2012, Shenzhen Tiger Information Technology Development Co., Ltd., a wholly-owned subsidiary of the Company, agreed to provide Wuxi Ledong Microelectronics Co., Ltd. ("Ledong") a loan of RMB65 million (equivalent to approximately HK$79,950,000). Such loan is unsecured, non-interest bearing and has no fixed repayment term. Ledong, an independent third party, acts as a trustee for the Group, hold 19% interest in Wuxi Remarkable Mask Limited ("WRML"). Ledong will use such loan to finance WRML for the development of photomask project in the PRC. The loan will be capitalised and accounted as capital contribution to WRML.

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

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2011. Details of the Company's compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company's 2011 annual report.

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 year.

By order of the Board
Li Shaofeng
Chairman

Hong Kong, 22 March 2012

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Mung Kin Keung (Vice Chairman), Mr. Chau Chit (Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Lee Fook Sun (Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director) and Mr. Wong Wai Kwan (Independent Non-executive Director).