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 2012 AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

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 2012 with comparative figures for the year ended 31 December 2011. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*4*	**309,348**	282,704
Cost of sales		**(265,332)**	(223,893)
Gross profit		**44,016**	58,811
Other expense		**(10,519)**	(2,607)
Other income	*5a*	**15,022**	16,450
Other gains and losses	*5b*	**(123,675)**	(20,052)
Selling and distribution costs		**(11,810)**	(11,410)
Administrative expenses		**(81,926)**	(93,045)
Finance costs	*6*	**(89,945)**	(84,208)
Loss before tax		**(258,837)**	(136,061)
Income tax expense	*7*	**(11,358)**	(3,581)
Loss for the year from continuing operations	*8*	**(270,195)**	(139,642)
Discontinued operations			
Loss for the year from discontinued operations		**(125,352)**	(4,030)
Loss for the year		**(395,547)**	(143,672)

	2012 *HK$'000*	2011 *HK$'000* (Restated)
Other comprehensive income		
Exchange differences on translation		
Exchange difference arising during the year	**4,500**	57,436
Share of translation difference of associates	**7**	293
Reclassification adjustment upon disposal of an associate	**–**	(289)
Available-for-sale investments		
Fair value loss on available-for-sale investments	**(35,227)**	–
Reclassification adjustment on impairment loss recognised in respect of available-for-sale investments	**35,227**	–
Reclassification adjustment upon disposal of an associate	**–**	2,090
Reclassification adjustment upon loss of significant influence of an associate	**–**	(2,154)
Revaluation of property		
Gain on revaluation upon transfer from property, plant and equipment to investment properties	**–**	2,902
Deferred tax upon transfer from property, plant and equipment to investment properties	**–**	(436)
Other comprehensive income for the year	**4,507**	59,842
Total comprehensive expense for the year	**(391,040)**	(83,830)
Loss for the year attributable to:		
Loss for the year attributable to the owners of the Company		
– Loss for the year from continuing operations	**(254,276)**	(144,612)
– Loss for the year from discontinued operations	**(125,352)**	(4,030)
Loss for the year attributable to the owners of the Company	**(379,628)**	(148,642)
(Loss) profit for the year attributable to non-controlling interests		
– (Loss) profit for the year from continuing operations	**(15,919)**	4,970
	(395,547)	(143,672)

	NOTE	**2012**	2011
		HK$'000	*HK$'000*
			(Restated)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(375,212)**	(91,669)
Non-controlling interests		**(15,828)**	7,839
		(391,040)	(83,830)
Loss per share	*9*		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(16.59)**	(6.79)
From continuing operations			
Basic and diluted *(HK cents)*		**(11.11)**	(6.60)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**11,496**	16,163
Goodwill		**70,188**	74,668
Intangible assets		**4,817**	8,841
Other receivables/deposit paid for acquisition of a property		**35,078**	43,050
Investments in associates		**2,467**	6,690
Available-for-sale investments		**23,232**	54,217
Club debentures		**700**	700
Deferred tax assets		**–**	9,871
		147,978	214,200
Current assets			
Inventories		**9,265**	23,894
Trade and bills receivables	*10*	**42,324**	112,247
Prepayments, deposits and other receivables		**103,851**	304,704
Held-for-trading investments		**–**	2,490
Loan to an investee		**80,165**	–
Amounts due from customers for contract work		**439,862**	419,773
Tax recoverable		**53**	1,711
Pledged bank deposits		**292,864**	333,106
Bank balances and cash		**13,362**	118,870
		981,746	1,316,795
Disposal groups classified as held-for-sale		**1,418,587**	1,549,304
		2,400,333	2,866,099
Current liabilities			
Trade and bills payables	*11*	**159,553**	198,710
Other payables, deposits received and accruals		**55,802**	55,739
Amounts due to customers for contract work		**1,775**	1,770
Convertible loan notes		**116,767**	87,626
Embedded derivative components of convertible loan notes		**16,144**	19,444
Tax liabilities		**7,008**	11,685
Borrowings – due within one year		**421,915**	609,641
Financial guarantee liabilities		**6,566**	–
		785,530	984,615
Liabilities associated with disposal groups classified as held-for-sale		**506,921**	555,999
		1,292,451	1,540,614
Net current assets		**1,107,882**	1,325,485
Total assets less current liabilities		**1,255,860**	1,539,685

	2012	2011
	HK$'000	*HK$'000*
Non-current liabilities		
Convertible loan notes	**95,436**	235,812
Embedded derivative components of convertible loan notes	**38,143**	44,123
	133,579	279,935
Net assets	**1,122,281**	1,259,750
Capital and reserves		
Share capital	**673,035**	560,535
Reserves	**398,797**	616,111
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	**6,048**	29,036
Equity attributable to owners of the Company	**1,077,880**	1,205,682
Non-controlling interests	**44,401**	54,068
Total equity	**1,122,281**	1,259,750

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, China Review Property Group Limited and Mega Start Limited, both private companies incorporated in the British Virgin Islands, are substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) 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 Company is an investment holding company.

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

As the Company is listed on the Stock Exchange, 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.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. 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 has applied the following amendments to HKFRSs issued by HKICPA that are mandatorily effective for the 2012 financial year.

Except as described below, the application of the amendments to 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 disclosure set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. 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 entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios which are located in the PRC and currently included in the "disposal groups classified as held-for-sale", and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the directors of the Company have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 is applied retrospectively.

However, in view of the insignificant change in fair value of the Group's investment properties, the application has no material impact on the Group's financial position and performance for current and prior years.

The application of the other amendments to 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.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

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:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1 January 2015, with earlier application permitted. Based on the Group's financial assets and financial liabilities as at 31 December 2012, the directors consider that the adoption of HKFRS 9 will affect the measurement and classification of the Group's available-for-sale investments, but is not likely to affect the Group's other financial assets and financial liabilities.

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 HKFRS 10 and HKFRS 12 are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is, control. 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The directors anticipate that these standards will be adopted by the Group's consolidated financial statements for the annual period beginning on 1 January 2013. The application of these standards will not have a 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 the Group for annual period beginning on 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard will have no material impact to certain 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 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'.

The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. 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.

During the year ended 31 December 2012, financial information relating to the Group's intelligent information business, leasing of investment properties and sales of light emitted diode projects have been provided separately to the CODM for the purposes of resource allocation and performance assessment. In addition, the CODM no longer reviewed the financial information relating to provision of inter-group management services. For segment reporting purpose, the two operating segments, leasing of investment properties and sales of light emitted diode projects are aggregated and reported under "Others". The Group's reportable segment under HKFRS 8 is, therefore, intelligent information business.

For the determination of segment result of intelligent information business, the impairment of goodwill is now included in, and bank interest income is excluded from the measurement of segment result.

Consequently, comparative figures for the year ended 31 December 2011 have been re-presented.

In 2011, a reportable and operating segment namely the "Digital television ("DTV") technical solutions and equipment business" was classified as a disposal group held-for-sale and included in discontinued operations. In addition, the loss incurred for disposal of Remarkable Mask Technology Company Limited ("Remarkable") was also included in discontinued operation as Remarkable was disposed in 2009 and the details of disposal was disclosed in the 2009 annual report. The segment information reported below does not include any amounts for these discontinued operations.

Segment revenue and results

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

For the year ended 31 December 2012

Continuing operations

	Intelligent information business *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
SEGMENT REVENUE			
External sales	**304,574**	**4,774**	**309,348**
Segment loss	**(36,917)**	**(4,069)**	**(40,986)**
Unallocated income and gains			**20,009**
Unallocated expenses			**(51,020)**
Decrease in fair value of held-for-trading investments			**(76)**
Impairment loss recognised in respect of available-for-sale investments			**(35,227)**
Gain on disposal of subsidiaries, net			**7,685**
Loss on fair value change of the derivative components of convertible loan notes			**(68,507)**
Finance costs			**(89,945)**
Loss on issuing financial guarantee contracts			**(770)**
Loss before tax (continuing operations)			**(258,837)**

For the year ended 31 December 2011

Continuing operations

	Intelligent information business *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated)
SEGMENT REVENUE			
External sales	273,925	8,779	282,704
Segment loss	(94,672)	(9,290)	(103,962)
Unallocated income and gains			51,847
Unallocated expenses			(51,738)
Gain on disposal of available-for-sales investments			241
Decrease in fair value of held-for-trading investments			(1,552)
Gain on fair value change of the derivative components of convertible loan notes			63,226
Gain on disposal of an associate			2,894
Gain on loss of significant influence of an associate			2,154
Impairment loss recognised in respect of available-for-sale investments			(5,200)
Impairment loss on disposal group classified as held-for-sale			(9,763)
Finance costs			(84,208)
Loss before tax (continuing operations)			(136,061)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of interest income, certain gains and corporate expense 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 in 2012 and 2011.

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

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Continuing operations		
Intelligent information business	**709,457**	854,765
Others *(Note)*	**7,424**	107,426
Total segment assets	**716,881**	962,191
Reconciliation of segment total to group total:		
Disposal group classified as held-for-sale and constituted discontinued operations		
DTV technical solutions and equipment business	**1,418,587**	1,480,952
	2,135,468	2,443,143
Unallocated assets:		
Investments in associates	**2,467**	6,690
Loan to an investee	**80,165**	–
Bank balances and cash	**13,362**	118,870
Available-for-sale investments	**23,232**	54,217
Pledged bank deposits	**292,864**	333,106
Held-for-trading investments	**–**	2,490
Deferred tax assets	**–**	9,871
Deferred consideration	**–**	109,501
Other unallocated assets	**753**	2,411
Consolidated assets	**2,548,311**	3,080,299

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. Such investment properties were disposed of on 22 June 2012.

	2012	2011
	HK$'000	*HK$'000*
Segment liabilities		
Continuing operations		
Intelligent information business	**200,259**	225,982
Others *(Note)*	**16,871**	46,505
Total segment liabilities	**217,130**	272,487
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	**506,921**	539,731
	724,051	812,218
Unallocated liabilities:		
Borrowings	**421,915**	609,641
Convertible loan notes (including embedded derivative components)	**266,490**	387,005
Financial guarantee liabilities	**6,566**	–
Tax liabilities	**7,008**	11,685
Consolidated liabilities	**1,426,030**	1,820,549

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. Such investment properties were disposal of on 22 June 2012.

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, loan to an investee, 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 financial guarantee liabilities.

Other segment information

For the year ended 31 December 2012

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)*	**2,545**	**9**	**2,554**
Depreciation of property, plant and equipment	**2,751**	**1,136**	**3,887**
Amortisation of intangible assets	**2,644**	**–**	**2,644**
(Gain) loss on disposal of property, plant and equipment	**(682)**	**107**	**(575)**
Write-down of inventories	**–**	**3,840**	**3,840**
Impairment loss in respect of amounts due from customers for contract work	**4,283**	**–**	**4,283**
Impairment loss in respect of other receivables	**13,400**	**–**	**13,400**
Impairment loss in respect of trade receivables	**11,719**	**–**	**11,719**
Interest income in respect of other receivables	**(1,421)**	**–**	**(1,421)**
Impairment loss recognised in respect of goodwill	**–**	**4,668**	**4,668**

For the year ended 31 December 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 on disposal of property, plant and equipment	33	–	33
Write-down of inventories	–	1,965	1,965
Impairment loss in respect of amounts due from customers for contract work	1,214	–	1,214
Impairment loss in respect of intangible assets	641	–	641
Impairment loss in respect of trade receivables	882	2,475	3,357
Impairment loss recognised in respect of goodwill	110,588	–	110,588
Release of prepaid lease payments	–	84	84
Interest income in respect of other receivables	(4,001)	–	(4,001)

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

5a. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank deposits	**8,794**	12,449
Imputed interest income in respect of deferred consideration of disposal of Remarkable	**4,807**	–
Interest income in respect of other receivables/deposit paid for acquisition of a property	**1,421**	4,001
	15,022	16,450

5b. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
(Loss) gain on fair value change of the derivative components of convertible loan notes	**(68,507)**	63,226
Gain on disposal of property, plant and equipment	**575**	37,528
Net foreign exchange gain	**635**	3,880
Gain on disposal of an associate	**–**	2,894
Impairment loss in respect of other receivables	**(13,400)**	(1,621)
Government subsidy *(Note)*	**–**	2,197
Gain on loss of significant influence of an associate	**–**	2,154
Proceeds from sale of scrap materials	**–**	975
Increase in fair value of investment properties	**–**	470
Gain on disposal of available-for-sale investments	**–**	241
Impairment loss in respect of intangible assets	**–**	(641)
Impairment loss in respect of amounts due from customers for contract work	**(4,283)**	(1,214)
Decrease in fair value of held-for-trading investments	**(76)**	(1,552)
Reversal of impairment loss in respect of consideration receivable arising from disposal of Remarkable	**6,167**	–
Impairment loss in respect of trade receivables	**(11,719)**	(3,357)
Impairment loss recognised in respect of available-for-sale investments	**(35,227)**	(5,200)
Impairment loss on disposal groups classified as held-for-sale	**–**	(9,763)
Impairment loss recognised in respect of goodwill	**(4,668)**	(110,588)
Gain on disposal of subsidiaries, net	**7,685**	–
Loss on issuing financial guarantee contracts	**(770)**	–
Others	**(87)**	319
	(123,675)	(20,052)

Note: In 2011, 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 subsidiary and subsidiaries were recognised upon receipt.

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	**22,317**	22,688
Convertible loan notes	**63,551**	59,752
Loan from a related company	**3,906**	1,709
Loan from a shareholder	**33**	56
Others	**138**	3
	89,945	84,208

7. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Regions in the PRC other than Hong Kong	**1,472**	9,323
Underprovision in prior years:		
Hong Kong	**21**	–
Deferred tax		
Current year	**9,865**	(2,729)
Attributable to a change in tax rate	**–**	(3,013)
	9,865	(5,742)
	11,358	3,581

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.

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 that pursuant to the relevant laws and regulations in the PRC, a principal subsidiary of the Company is entitled to a 50% reduction in the applicable tax rate from 2010 to 2012.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rate increased progressively from 15% to 18%, 20%, 22%, 24% and 25% for the years ended 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:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	**45,483**	60,272
– Retirement benefit scheme contributions	**5,081**	5,704
Total staff costs	**50,564**	65,976
Depreciation of property, plant and equipment	**3,887**	11,037
Amortisation of intangible assets (included in cost of sales)	**2,644**	2,256
Total depreciation and amortisation	**6,531**	13,293
Auditor's remuneration	**2,578**	2,699
Cost of inventories recognised as expenses (including write-down of inventories of HK$3,840,000 (2011: HK$1,965,000))	**8,386**	14,960
Contract costs recognised as expenses	**246,764**	206,668
Research and development costs (included in other expenses)	**10,519**	2,607
Release of prepaid lease payments	**–**	84

9. 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:

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(379,628)**	(148,642)

The denominators used are the same as those detailed below for both basic and 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:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Loss figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	**(379,628)**	(148,642)
Less: Loss for the year from discontinued operations	**(125,352)**	(4,030)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(254,276)**	(144,612)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,287,906**	2,189,812

No diluted loss per share from continuing operations is presented in respect of the assumed exercise of share options and conversion of convertible notes in 2012 and 2011 because (i) the exercise price of the Company's share options was higher than the average market price for respective financial years; and (ii) the assumed conversion of convertible notes would result in decrease in loss per share from continuing operations.

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK5.48 cents per share (2011: loss of HK0.19 cents per share (restated)).

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Loss for the purposes of basic and diluted loss per share attributable to owners of the Company	**(125,352)**	(4,030)

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

10. TRADE AND BILLS RECEIVABLES

Trading terms with customers are 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:

	2012	2011
	HK$'000	*HK$'000*
0 – 90 days	**26,756**	48,889
91 – 180 days	**7,473**	13,594
181 – 365 days	**1,722**	8,168
1 – 2 years	**6,373**	38,026
Over 2 years	**–**	3,570
	42,324	112,247

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:

	2012	2011
	HK$'000	*HK$'000*
0 – 90 days	**69,640**	90,069
91 – 180 days	**17,415**	15,288
181 – 365 days	**5,121**	14,238
1 – 2 years	**23,943**	77,188
Over 2 years	**43,434**	1,927
	159,553	198,710

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 June 2013 to Tuesday, 18 June 2013 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Tuesday, 18 June 2013 (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 Friday, 14 June 2013 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover from continuing operations for the year ended 31 December 2012 amounted to HK$309.3 million (31 December 2011: HK$282.7 million). The increase in turnover was mainly attributable to the improvement in the progress of projects under the intelligent information business in the year compared to the previous years.

Loss attributable to the owners of the Company for the year amounted to HK$379.6 million (31 December 2011: HK$148.6 million), analyzed as follows:

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss from continuing operations	**254,276**	144,612
Loss (profit) from discontinued operations		
– digital television business	**67,362**	(7,415)
– photomask business	**57,990**	11,445
	125,352	4,030
Loss attributable to the owners of the Company for the year	**379,628**	148,642

Basic loss per share of the Group is summarized as follows:

	2012	2011
	HK cents	*HK cents*
		(restated)
Basic loss per share from continuing operations	**11.11**	6.60
Basic loss per share from discontinued operations	**5.48**	0.19
Basic loss per share from continuing and discontinued operations of the Group	**16.59**	6.79

As at 31 December 2012, the Group's equity attributable to the owners of the Company amounted to HK$1,077.9 million, representing a decrease of HK$127.8 million over the figure as at 31 December 2011 of HK$1,205.7 million. The net assets value per share attributable to the owners of the Company as at 31 December 2012 was HK$0.40 (31 December 2011: HK$0.54).

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. The turnover and operating losses for the year arising from intelligent information business reached HK$304.6 million (2011: HK$273.9 million) and HK$36.9 million (2011: HK$94.7 million (restated)), respectively. The increase in turnover was mainly attributable to the improvement in the progress of projects in the year compared to the previous years. During the year, the Group undertook a number of large-scale intelligent building projects to develop its business, and the business is expected to post a sustainable growth in the long run.

Digital television business services

In the year, the turnover and total loss from digital television business amounted to HK$69.5 million (2011: HK$214.4 million) and HK$67.4 million (2011: profit of HK$7.4 million (restated)). The main reason for the significant decline in the turnover and the soaring increase in the loss was that the digital television business had already been reclassified as discontinued business during 2011. Therefore, in the current year, the Group would recognize the revenue from the provision of digital television equipments instead of technical service fees. However, the related revenue from technical service fees decreased sharply for the year compared to the previous years and could not offset the related expenses of current year.

At present, the disposal transaction of digital television business was yet to be completed. After the completion of 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 would actively explore new businesses for investments and developments to maximize return to shareholders in the future.

Others

It represents the provision of management services and the sale of light emitted diode products and other products. In the year, the turnover and operating losses were HK$4.8 million (2011: HK$8.8 million) and HK$4.1 million (2011: HK$9.3 million (restated)), respectively.

PROSPECT

Through resources integration after the disposal of digital television business, the Group will redeploy resources in intelligent information business. The Group will also actively explore new businesses for investments and development to maximize return to shareholders in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The financial leverage of the Group as at 31 December 2012, as compared to 31 December 2011 is summarized below:

	As at	
	31 December 2012	31 December 2011
	HK$'000	*HK$'000*
Total debt		
– from bank	**421,915**	516,111
– from convertible loan notes	**212,203**	323,438
– from a related company, a shareholder and a third party	**–**	93,530
Sub-total	**634,118**	933,079
Pledged bank deposits	**(292,864)**	(333,106)
Cash and bank deposits	**(13,362)**	(118,870)
Net debt	**327,892**	481,103
Total capital (equity and total debt)	**1,711,998**	2,138,761
Total assets	**2,548,311**	3,080,299
Financial leverage		
– net debt to total capital	**19.2%**	22.5%
– net debt to total assets	**12.9%**	15.6%

FINANCING ACTIVITIES

During the year, the Group has raised new borrowings of HK$632.3 million from banks and a related company of HK$515.9 million and HK$116.4 million respectively, to provide working capital for the Group.

CAPITAL STRUCTURE

During the year, the Group issued 450,000,000 ordinary shares and the issued share capital amounted to HK$112.5 million. As at 31 December 2012, the number of shares in issue and issued share capital of the Company were 2,692,141,179 (31 December 2011: 2,242,141,179) and approximately HK$673.0 million (31 December 2011: HK$560.5 million) respectively.

CHARGE ON ASSETS

As at 31 December 2012, assets pledged to banks to secure banking facilities (including bank borrowings and bills payables) granted to the Group are as follow:

	31 December 2012 *HK$'000*	31 December 2011 *HK$'000*
Investment properties	**45,453**	40,794
Buildings	**10,903**	11,160
Bank deposits	**293,053**	341,390
Bills receivables	**–**	2,460
Totals	**349,409**	395,804

As at 31 December 2012, among assets pledged, investment properties of HK$45.5 million (31 December 2011: HK$40.8 million), buildings of HK$10.9 million (31 December 2011: HK$11.2 million), and pledged bank deposits of HK$0.2 million (31 December 2011: HK$8.3 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 exposure regularly and may consider using financial instruments to hedge against foreign exchange exposures at appropriate times. As at 31 December 2012, there were no derivative financial instruments employed by the Group.

MATERIAL ACQUISITION, DISPOSALS, SIGNIFICANT INVESTMENT AND FUTURE PLANS OF MATERIAL INVESTMENT

During the year, the Group completed the disposal of its entire interest in Santai Electronics Limited and Aberdeen Investments Limited at a total consideration of RMB53 million, and the relevant disposal consideration was fully received during the year. Santai Electronics Limited and Aberdeen Investments Limited are principally engaged in property investment. The disposal 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.

In addition, in December 2012, the Group completed the disposal of its entire interest in Zhejiang Sinostride Energy Saving Techology Co. Ltd. at a total consideration of RMB6 million with a gain on disposal of HK$8.0 million recognized in the accounts.

Moreover, the Group has entered into a sales agreement with a purchaser on 23 December 2011 to dispose of the digital television business of the Group. Upon completion of the disposal, the remaining business of the Company will be development and provision of system integration solutions, system design and sales 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.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the year ended 31 December 2012.

CONTINGENT LIABILITIES

As at 31 December 2012, the contingent liabilities of the Group were arisen from guarantees of HK$170.8 million (31 December 2011: HK$55.4 million) for credit facilities granted to two third parties, and the amount utilized was HK$124.6 million (31 December 2011: HK$50.4 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 290 employees as at 31 December 2012.

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 operate. The remuneration packages of the employees include salary, discretionary bonuses, pension schemes, medical subsidies and share options as part of their staff benefits.

EVENT AFTER THE REPORTING PERIOD

On 7 January 2013, Sino Stride HK Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement with the purchaser, Carrier Asia Limited (“Purchaser”), pursuant to which Sino Stride HK Limited agreed to sell 20% of the registered capital of Sinostride Technology Co., Ltd. (“Sinostride Technology”), to the Purchaser for a consideration of RMB58.3 million (equivalent to approximately HK$72.0 million).

After completion of the disposal, the Group's interest in Sinostride Technology will be reduced from 78.5% to 58.5% and Sinostride Technology will remain as a non-wholly owned subsidiary of the Company.

The disposal transaction was completed as at the date of this announcement. The disposal resulted in a gain on disposal of HK$30.0 million which was transferred to equity directly.

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 AND CORPORATE GOVERNANCE CODE

The Code on Corporate Governance Practices (the "Former Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange was revised to, and renamed as, Corporate Governance Code (the "Revised Code") from 1 April 2012. The Company has complied with the code provisions of the Former Code during the period from 1 January 2012 to 31 March 2012 and the Revised Code during the period from 1 April 2012 to 31 December 2012, except for the following deviation:

– Under the second part of code provision A.6.7 of the Revised Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

  One Non-executive Director and one Independent Non-executive Director of the Company did not attend the annual general meeting of the Company held on 25 May 2012 (the "2012 AGM") due to their other business engagements. The Company considers that the Non-executive Director and the Independent Non-executive Directors in attendance at the 2012 AGM were already of sufficient number and calibre of forming a balanced understanding of the views of the shareholders of the Company.

Details of the Company's compliance with the provisions of the Former Code and the Revised Code during the year will be set out in the Corporate Governance Report in the Company's 2012 annual report.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK$1,000,000,000 divided into 4,000,000,000 ordinary shares of HK$0.25 each (the "Shares"). As at the date of this announcement, 2,692,141,179 Shares are in issue and there are outstanding share options carrying rights to subscribe for an aggregate of 219,103,810 Shares and outstanding convertible bonds carrying rights to convert into an aggregate of 443,750,000 Shares at their respective initial conversion prices. In order to provide the Company with flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK$5,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 16,000,000,000 Shares ("Increase in Authorised Share Capital"). The proposed Increase in Authorised Share Capital is subject to the approval by the shareholders of the Company by way of an ordinary resolution at the AGM.

An ordinary resolution will be proposed to the shareholders of the Company to approve the Increase in Authorised Share Capital at the AGM. A circular containing, among other matters, details of the proposed Increase in Authorised Share Capital, together with a notice of AGM and the related proxy form, will be despatched to the Shareholders on or about 19 April 2013.

APPRECIATION

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

By order of the Board
Li Shaofeng
Chairman

Hong Kong, 27 March 2013

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. Lu Yeow Leong (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).