
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shougang Concord Technology Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting to be held at 11:35 a.m. on Friday, 25 May 2012 at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrars of Shougang Concord Technology Holdings Limited, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

27 April 2012

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE DISPOSAL GROUP	II-1
APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP	III-1
APPENDIX IV – GENERAL INFORMATION	IV-1
NOTICE OF THE EGM	EGM-1

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Agreements”	the Disposal Agreement as revised by the Supplemental Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday and other general holidays in Hong Kong and/or the PRC and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which the licensed banks in Hong Kong and the PRC are generally open for business
“Company”	Shougang Concord Technology Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 521)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreements
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Digital TV Business”	the business of provision of multi-media information services based on a cabled digital television network in Guangdong Province, the PRC
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Share by the Company to the Purchaser
“Disposal Agreement”	the agreement dated 23 December 2011 between the Company and the Purchaser
“Disposal Group”	SCDTV and its subsidiaries after the Reorganisation, namely South China DTV Technology Development Limited, 陽江市陽春易家通信息技術有限公司, 廣州市易家通互動信息發展有限公司 and South China Digital Equipment Company Limited, to be disposed of by the Group pursuant to the Agreements

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 11:35 a.m. on Friday, 25 May 2012 at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, to approve, among other things, the Disposal Agreement as revised by the Supplemental Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Hong Kong Guang Hua Resources Investments Company Limited, a company incorporated in the British Virgin Islands
“Reform Measures”	the reform measures introduced by 廣東省文化體制改革工作領導小組 (the Steering Group on the Reform of Guangdong Cultural Structure*) to reorganise the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company
“Remaining Group”	the Company and its subsidiaries as a result of and after Completion
“Reorganisation”	the reorganisation of SCDTV for the purpose of the Disposal
“Sale Share”	one share in the issued share capital of SCDTV, representing the entire issued share capital of SCDTV as at the Latest Practicable Date
“SCDTV”	South China Digital TV Holdings Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Southern Media”	南方廣播影視傳媒集團 (Southern Media Corporation), a company incorporated in the PRC
“Southern Yinshi”	廣東南方銀視網絡傳媒有限公司 (Guangdong Southern Yinshi Network Media Company Limited*), a company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Disposal Agreement dated 29 February 2012 entered into between the Company and the Purchaser
“Yinshi Consultant”	廣州市銀視信息諮詢有限公司 (Guangzhou Yinshi Consultant Company Limited*), a company incorporated in the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Li Shaofeng (*Chairman*)
Mung Kin Keung (*Vice Chairman*)
Chau Chit (*Managing Director*)

Registered Office:

Unit 2102, 21st Floor
Tower II, Admiralty Centre
No. 18 Harcourt Road
Hong Kong

Non-executive Directors:

Leung Shun Sang, Tony
Lee Fook Sun

Independent Non-executive Directors:

Wong Kun Kim
Leung Kai Cheung
Wong Wai Kwan

27 April 2012

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 23 December 2011, the Company entered into the Disposal Agreement with the Purchaser which was subsequently revised by the Supplemental Agreement dated 29 February 2012, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share, representing the entire issued share capital of SCDTV, at a consideration of HK\$1,420 million.

After Completion, the Company will no longer hold any interest in SCDTV.

The Disposal constitutes a very substantial disposal for the Company for the purpose of the Listing Rules and is subject to the approval by the Shareholders at a general meeting to be convened to approve the Disposal. The purpose of this circular is to provide you with information in respect of, among other things, (i) the details of the Disposal; (ii) financial information of the Group; (iii) financial information of the Disposal Group; (iv) the unaudited pro forma financial information of the Remaining Group; and (v) the notice of the EGM to consider and, if thought fit, to approve the Agreements.

LETTER FROM THE BOARD

THE AGREEMENTS

The Agreements

The Disposal Agreement as revised by the Supplemental Agreement

Date

23 December 2011 and 29 February 2012

Parties to the Agreements

- (1) Hong Kong Guang Hua Resources Investments Company Limited, as purchaser, is a company incorporated in the British Virgin Islands and is principally engaged in resource investment. The Purchaser is a company wholly-owned by Mr. Kong Chunhong, one of the shareholders of Yinshi Consultant which in turn is the strategic partner of the Company in the Digital TV Business. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser, Yinshi Consultant and their ultimate beneficial owners are third parties independent of and not connected with the Company or any of its connected persons.

Yinshi Consultant is a company incorporated in the PRC with limited liability and is held as to 70% by Mr. Kong Chunhong and as to 30% by Mr. Kang Chi. Yinshi Consultant is one of the shareholders of Southern Yinshi. The Company has been collaborating with Southern Yinshi in the development of the Digital TV Business in the PRC. For details of the Company's cooperation with Southern Yinshi and Yinshi Consultant, please refer to the circular of the Company dated 15 October 2010; and

- (2) the Company, as vendor.

The Disposal

Pursuant to the Agreements, the Company will sell the Sale Share, representing the entire issued share capital of SCDTV, to the Purchaser.

Consideration

The consideration for the Disposal is HK\$1,420 million.

Pursuant to the terms of the Agreements, the Company will be responsible for the settlement of the agreed outstanding indebtedness of the Disposal Group as at 31 December 2011. As such, the Group would be responsible for settling an amount of HK\$1,299,133,294, of which HK\$871,287,258 is due to the Remaining Group and HK\$427,846,036 is due to third parties. Save for the aforesaid indebtedness, the Company will not be responsible for any indebtedness owed or to be owed by the Disposal Group.

LETTER FROM THE BOARD

The consideration was determined after arm's length negotiations between the parties with reference to the net asset value attributable to the Sale Share and the indebtedness owed by the Disposal Group as at 31 December 2011. The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreements were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The consideration has been/shall be paid by the Purchaser in Hong Kong dollar or its RMB equivalent in the following manner:

- (1) HK\$50 million is payable by the Purchaser to the Company on or before 15 February 2012; and
- (2) the balance of the consideration, being HK\$1,370 million, will be payable by the Purchaser to the Company on the Completion Date.

As at the Latest Practicable Date, the first installment of HK\$50 million has already been paid by the Purchaser.

Conditions

Completion of the Agreements is conditional upon:

- (1) the Disposal having been duly approved by the Shareholders at the EGM in compliance with the requirements of the Listing Rules; and
- (2) the Disposal having been duly approved by Southern Yinshi.

If the conditions set out in the Agreements are not satisfied or waived before 5:00 p.m. on 30 June 2012 or such later date as may be agreed between the parties, the Agreements will cease to be of any effect save for any antecedent breaches.

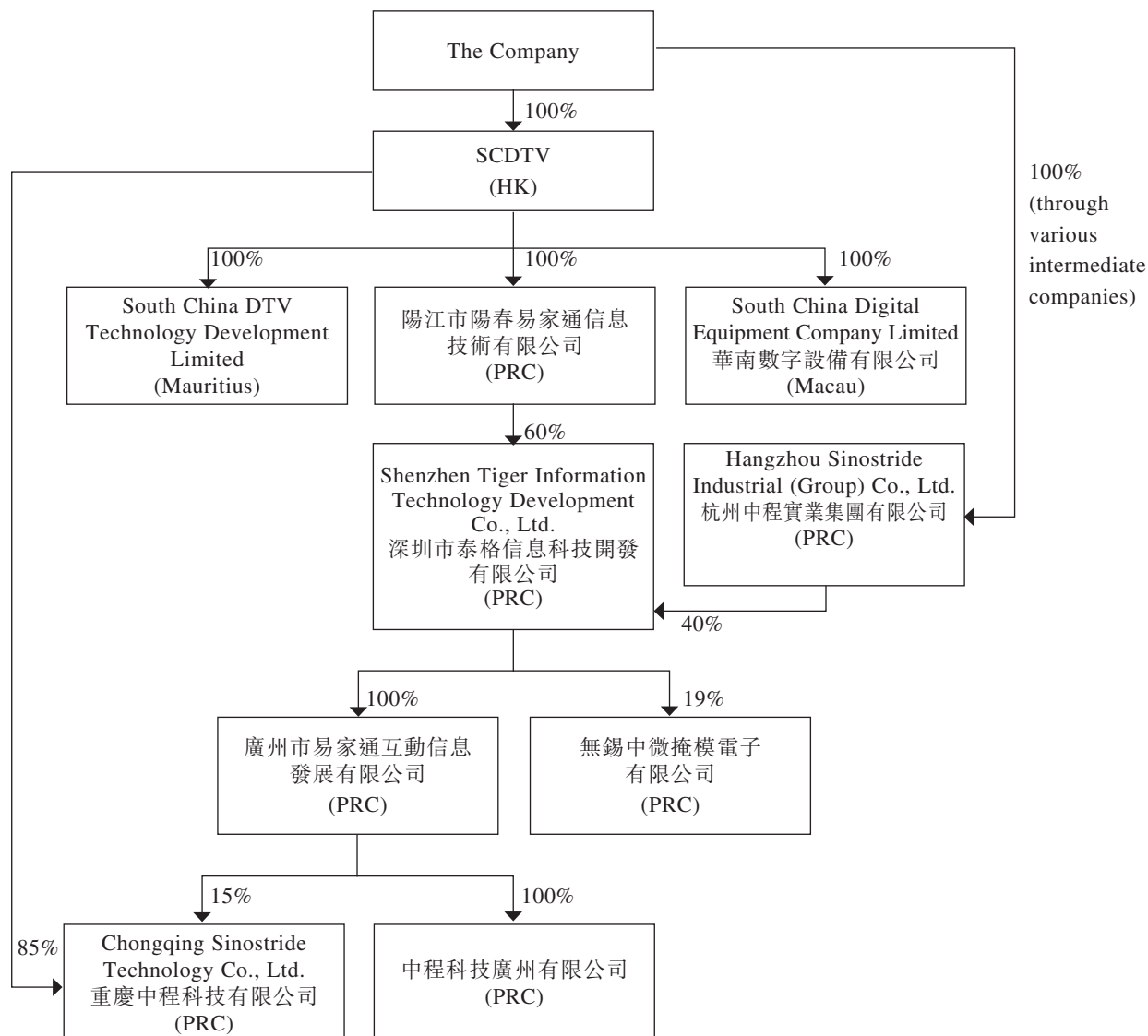
Completion will take place on the fifth Business Day, or such other time as may be agreed between the parties, after the conditions to the Agreements have been fulfilled.

LETTER FROM THE BOARD

Information on SCDTV

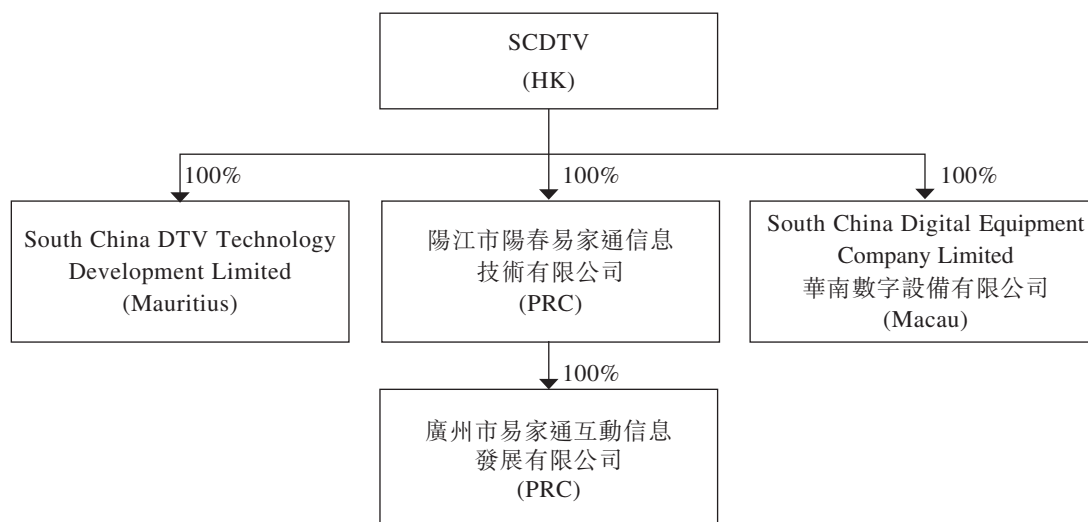
SCDTV is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company as at the Latest Practicable Date.

The existing structure of SCDTV is as follows:–



LETTER FROM THE BOARD

SCDTV has undergone the Reorganisation for the purpose of the Disposal so that only the subsidiaries under SCDTV which are involved in the Digital TV Business and those without concrete business will remain subsidiaries of SCDTV upon Completion. The shareholding structure of SCDTV and its subsidiaries after the Reorganisation and upon Completion will be as follows:–



The unaudited combined net asset value of the Disposal Group was approximately HK\$69.9 million (being the total asset value of approximately HK\$1,481.0 million after deducting approximately HK\$112.0 million of taxation liability and approximately HK\$1,299.1 million of other indebtedness) as at 31 December 2011. The unaudited combined financial results of the Disposal Group for the two years ended 31 December 2010 and 2011 are as follows:

	For the year ended	
	31 December	
	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before tax	90,528	91,366
Net profit after tax	71,116	21,331

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of digital television technical solutions and sale of equipment, development and provision of system integration solutions, system design and sale of system hardware.

LETTER FROM THE BOARD

As announced in the Company's announcement dated 14 December 2011, the Company has been advised by Southern Media of the Reform Measures about the reorganisation 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 TV Business under the existing structure. In the circumstances, the Company decided to exit the Digital TV Business and entered into the Disposal Agreement with the Purchaser to transfer the Company's entire interest in SCDTV to the Purchaser, who may have the right to operate the Digital TV Business after the enforcement of the Reform Measures.

The Directors (including the independent non-executive Directors) consider that the Disposal is in interest of the Group as a result of the Reform Measures. The Directors (including the independent non-executive Directors) also consider that the terms of the Agreements are being conducted after arm's length negotiations, and are on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Based on the consideration of HK\$1,420 million under the Agreements, the unaudited combined net asset value attributable to the Sale Share in an aggregate amount of approximately HK\$69.9 million as at 31 December 2011 and the indebtedness owed by the Disposal Group which is responsible by the Group as at 31 December 2011 in an amount of approximately HK\$1,299.1 million, the Group is expected to record a capital gain of approximately HK\$60.9 million from the Disposal assuming Completion took place on 31 December 2011, after taking into account the estimated expenses directly attributable to the Disposal of approximately HK\$1.0 million and an amount of translation reserve released upon disposal of the Disposal Group of approximately HK\$10.9 million. Shareholders and investors should note that the exact amount of the gain on the Disposal is to be determined with reference to the net asset value attributable to the Sale Share as at Completion Date and may be different from the above figure.

The proceeds from the Disposal, after deducting estimated expenses directly attributable to the Disposal of approximately HK\$1.0 million and the indebtedness owed to third parties as at 31 December 2011 amounted to approximately HK\$427.8 million, are estimated to be approximately HK\$991.2 million. The net proceeds is expected to be used as general working capital and, where appropriate, may be used for the acquisitions of new projects of the Group in the future. As at the Latest Practicable Date, as no such project has been identified by the Group, the entire amount of net proceeds is expected to be used as general working capital of the Group upon receipt until any new project is identified. The Company will disclose any such new projects in compliance with the requirements of the Listing Rules as and when appropriate.

Upon Completion, the Group will no longer have any interest in SCDTV and SCDTV will cease to be a subsidiary of the Company. As disclosed in the Company's circular dated 15 October 2010, the Company entered into various agreements in relation to the operation of the Digital TV Business. The rights and obligations of these agreements are vested with the Disposal Group. As a result of the Disposal, the Group will no longer be interested in any of these agreements upon Completion.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, the financial effects of the Disposal on the Group are summarised as follows:

- (1) the Group's total assets would decrease by approximately 15.9% from approximately HK\$3,080.3 million to HK\$2,590.5 million, and the Group's total liabilities would decrease by approximately 29.6% from approximately HK\$1,820.5 million to approximately HK\$1,280.8 million assuming the Disposal had been completed on 31 December 2011; and
- (2) the Group's loss for the year ended 31 December 2011 would increase by approximately 78.5% from approximately HK\$143.7 million to approximately HK\$256.5 million, which is calculated based on (a) the exclusion of the profit of the Disposal Group for the year ended 31 December 2011 of approximately HK\$21.3 million; and (b) the inclusion of the estimated loss of approximately HK\$91.5 million arising from the Disposal, after deducting expenses incidental to the Disposal assuming the Disposal had been completed on 1 January 2011.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

After the Disposal, the Group will cease to engage in the Digital TV Business and will continue its intelligent information business in the development and provision of system integration solutions, system design and sale of system hardware. In addition, 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.

After the Disposal, the Group's remaining business would be the development and provision of system integration solutions, system design and sale of system hardware. For the year ended 31 December 2011, the Remaining Group had a turnover of approximately HK\$282,704,000 and accounted for approximately 57% of the total turnover of the Group. As at 31 December 2011, the net asset value of the Remaining Group was approximately HK\$318,529,000, accounted for approximately 25% of the net asset value of the Group.

Intelligent Information Business

Based on the 2011 annual report of the Company, the total tangible assets of the intelligent information business amounted to approximately HK\$771.3 million as at 31 December 2011. The turnover and operating profit of the intelligent information business amounted to approximately HK\$273.9 million and HK\$27.9 million respectively for the year ended 31 December 2011. A decline in turnover of 13% was recorded for the segment of intelligent information business in 2011 compared to that in 2010 resulting from the stricter surveillance on development projects and tightened property curbs imposed by the PRC government. This is expected to have an adverse effect on cash flows in future years and thus an impairment loss on goodwill of approximately HK\$110.6 million was recognised in 2011.

Despite the decrease in turnover for the year ended 31 December 2011, the PRC's economy is rapidly developing in recent years, it is expected that the PRC government is going to lessen the extent of macro control as well as the surveillance on development projects so as to ensure the country's sustainable

LETTER FROM THE BOARD

growth in the long run. Therefore, the management still expects a sustainable growth in this business in future years although the growth is expected to slow down significantly compared to that in the prior years. The total turnover of the system integration solution services for the year ended 31 December 2011 is approximately HK\$273.9 million, while approximately 3% to 5% year-on-year growth in turnover is expected in future years.

In addition, at the end of 2011, Sinostride Technology Co., Ltd, a major subsidiary engaged in system integration solution services, was awarded by the PRC government for commending the prominent brand name and outstanding contribution of the company in relation to the intelligent building business conducted in certain building projects. Besides, a number of large-scale intelligent building projects covering a 3 to 5 years service period on average were granted in 2011. The Board expects that these projects will generate considerable return to the Group in the coming years and the business is expected to post a sustainable growth in the long run.

In 2011, the Group continued to develop the business of establishing cooling systems for the mobile telecommunication industry in the PRC. The business involves on-site preliminary feasibility study, energy consumption analysis, energy saving solution generation, provision of cooling system installations as well as energy saving management services. The Group generates revenue through the provision of cooling system installations as well as energy saving management services.

浙江中程節能技術有限公司, a major subsidiary engaged in the business of establishing cooling systems for the mobile telecommunication industry, recorded turnover of approximately RMB5 million in 2011, which was included in the turnover of the segment of system integration solution services.

The Group has signed cooperation agreements covering a 5-year service period on average 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 this energy-saving business will bring considerable return to the Group in the future.

Others

This represents the provision of management services, leasing of investment properties and sales of light emitted diode projects.

In December 2011, the Group entered into agreements with independent third parties pursuant to which the Group agreed to sell the entire issued share capital of Santai Electronics Limited and Aberdeen Investments Limited, wholly-owned subsidiaries of the Group engaging in property investment, for a total cash consideration of RMB53,000,000 (equivalent to HK\$65,122,000).

Based on the 2011 annual report of the Company, the total tangible assets in the investment properties business amounted to approximately HK\$68.3 million as at 31 December 2011.

With the Group's exit from the Digital TV Business as a result of the Disposal, the Group will actively explore new businesses for investments and developments. However, as at the Latest Practicable Date, the Group has not identified any suitable investments or projects. The Group has not entered

LETTER FROM THE BOARD

into any agreement, arrangement or undertaking, whether formal or informal and whether expressed or implied, and negotiation (whether concluded or not) to acquire any new business. The Company will make further announcement in compliance with the requirements of the Listing Rules as and when required.

In light of the above, the Directors consider that the Company has sufficient level of operations and tangible assets of sufficient value to warrant the continued listing of the Shares after the Disposal.

GENERAL

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is subject to the approval by the Shareholders at the EGM by way of poll. As the Purchaser is independent of and not connected with the Company and its connected person and no Shareholder has a material interest in the Disposal, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Agreements at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened at 11:35 a.m. on Friday, 25 May 2012 at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. Voting at the EGM on the resolution will be taken by poll.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are advised to read the notice and complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend that all Shareholders should vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Disposal Agreement as revised by the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Shougang Concord Technology Holdings Limited
Li Shaofeng
Chairman

1. FINANCIAL SUMMARY

The audited consolidated financial statements of the Company for the years ended 31 December 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 respectively, all of which have been published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.shougang-tech.com.hk>).

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected Completion and the present internal financial resources available as well as the available banking facilities, and in the absence of unforeseen circumstances, the Remaining Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

3. INDEBTEDNESS STATEMENT

Borrowings

As at 29 February 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following outstanding borrowings:

	Non-current portion <i>HK\$'000</i>	Current portion <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Remaining Group</i>			
Bank borrowings, secured (<i>Note 1</i>)	–	303,936	303,936
Bank borrowings, unsecured (<i>Note 2</i>)	–	230,625	230,625
Loan from a related company, unsecured (<i>Note 3</i>)	–	54,320	54,320
Loan from a third party, unsecured (<i>Note 4</i>)	–	15,990	15,990
Convertible loan note issued on 5 June 2009			
– liability component (<i>Note 5(a)</i>)	–	91,663	91,663
Convertible loan note issued on 11 April 2011			
– liability component (<i>Note 5(b)</i>)	241,625	–	241,625
Total indebtedness of the Remaining Group	241,625	696,534	938,159
<i>Disposal Group</i>			
Bank borrowings, secured (<i>Note 6</i>)	42,164	–	42,164
Bank borrowings, unsecured (<i>Note 7</i>)	268,140	81,180	349,320
Total indebtedness of the Disposal Group	310,304	81,180	391,484
Total indebtedness of the Group	551,929	777,714	1,329,643

Notes:

- (1) The bank borrowings and banking facilities of the Remaining Group are secured by the followings:
 - (a) certain of the bank deposits of the Remaining Group as at 29 February 2012 of approximately HK\$319,390,000; and
 - (b) certain of the bills receivables of the Remaining Group as at 29 February 2012 of approximately HK\$2,460,000.
- (2) The bank borrowings of the Remaining Group of approximately HK\$230,625,000 are unsecured and repayable within 1 year. The banking facilities are guaranteed by the Company, certain subsidiaries of the Company, a director of the Company and certain independent third parties.
- (3) The loan from a related company is unsecured, bears an interest rate at 10% per annum and is repayable on demand.
- (4) The loan from a third party is unsecured, bears an interest rate at 5.85% per annum and is repayable within 1 year.
- (5) As at 29 February 2012, the Group had the following outstanding convertible loan notes:
 - (a) On 5 June 2009, the Company issued a convertible bond (the “Convertible Bond I”) for a principal amount of US\$15,000,000 (equivalent to approximately HK\$116,250,000) to an independent third party (the “Convertible Bondholder I”). The Convertible Bond I shall not bear any interest and will be redeemed at the maturity date by the Company at its outstanding principal amount plus a premium of 8.5% per annum compounded annually. The maturity date is on 5 June 2014.

The directors are of the opinion that the Convertible Bond I was classified as “current liabilities” as the Convertible Bondholder I was granted an early redemption option to require the Company to redeem the whole amount or any part of the Convertible Bond I on or after 30 June 2012.

The Convertible Bond I contains liability component, conversion option derivative, compulsory conversion option derivative and bondholder’s early redemption option derivative (collectively “the Derivative Component I”). The fair value of the Derivative Component I, which is not classified as part of the Group’s indebtedness, is approximately HK\$16,996,000 as at 29 February 2012.
 - (b) On 11 April 2011, the Company issued a new convertible bond (the “Convertible Bond II”) for a principal amount of HK\$360,000,000 to seven independent third parties (the “Convertible Bondholder II”). The Convertible Bond II carries 1.5% coupon interest per annum, which is payable semi-annually. The maturity date is on 11 April 2014. On 11 July 2011, a principal amount of HK\$45,000,000 was converted into new Shares at a conversion price of HK\$0.45 per Share by exercising the conversion option.

The Convertible Bond II contains liability component and conversion option derivative (the “Derivative Component II”). The fair value of the Derivative Component II, which is not classified as part of the Group’s indebtedness, is approximately HK\$90,977,000 as at 29 February 2012.
- (6) The bank borrowings and banking facilities of the Disposal Group are secured by:
 - (a) certain of the investment properties of the Disposal Group as at 29 February 2012 with a carrying amount of approximately HK\$40,794,000; and
 - (b) certain of the leasehold land and buildings of the Disposal Group as at 29 February 2012 with a carrying amount of approximately HK\$11,112,000.
- (7) The bank borrowings of the Disposal Group of approximately HK\$349,320,000 are unsecured and repayable on or before May 2016. The banking facilities are guaranteed by the Company.

Contingent liabilities and litigations

As at the close of business on 29 February 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the details of the contingent liabilities relating to the Group are set out as follows:

The Remaining Group

Certain corporate guarantees were given by the Remaining Group in favour of banks amounting to approximately HK\$55,350,000 to secure general banking facilities granted to an independent third party. The total amount of facilities utilised by the independent third party amounted to approximately HK\$50,430,000 as at 29 February 2012.

In the opinion of the Directors, as the default risk related to the above guarantee contracts is low, no provision for the above guarantee contracts was recognised on 29 February 2012.

The Disposal Group

The Disposal Group had no significant contingent liabilities as at 29 February 2012.

Pledged assets

The Remaining Group and the Disposal Group have pledged certain of the bank deposits of approximately HK\$10,641,000 and HK\$1,808,000, respectively, as at 29 February 2012 for securing bills payables.

Save as disclosed above and in notes 1 and 6 to the “Borrowings” section above, the Group did not have any pledged assets as at 29 February 2012.

Save as aforesaid and apart from intra-group liabilities, as at 29 February 2012, the Group had no debt securities issued and outstanding, and authorised or otherwise created but issued, term loans, distinguishing between guaranteed by Group, guaranteed by independent third parties, unguaranteed, secured and unsecured bank borrowings including, bank loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statement of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS OF THE REMAINING GROUP**(a) For the year ended 31 December 2009****Business review**

Turnover from the Remaining Group for the year ended 31 December 2009 amounted to HK\$286.1 million. Loss attributable to the owners of the Company for the year amounted to HK\$42.8 million.

Segment information

The reportable segments of the Remaining Group are system integration solution services and others.

System integration solution services

System integration solution services segment represents development and provision of system integration solutions, system design and sale of system hardware. The system integration solution services segment has continued to generate stable return for the Remaining Group. The turnover and operating profit of the system integration solution services during the year amounted to HK\$284.8 million and HK\$16.1 million respectively.

The operating profit for the year was affected by the deterioration of certain customers' financial capabilities that led to the recognition of impairment loss in respect of amounts due from customers for contract work of approximately HK\$7.5 million. In order to strengthen the competitive advantage in intelligent building business, the Remaining Group disposed of its 19% interests in Sinostride Technology Co., Ltd, a major subsidiary engaged in system integration solution services, to Carrier Asia Limited for RMB47.5 million. The management anticipates this strategic alliance would benefit the development of the system integration solution services in the long term.

Others

This represents provision of management services and leasing of investment properties. The turnover and operating loss during the year amounted to HK\$1.3 million and HK\$38.0 million respectively.

Liquidity and financial resources

The financial leverage of the Remaining Group as at 31 December 2009 is summarised below:

	<i>HK\$'000</i>
Total debt	
– from banks	131,167
– from convertible loan notes	395,025
	<hr/>
Sub-total	526,192
Pledged bank deposits	(13,123)
Cash and bank deposits	(180,829)
	<hr/>
Net debt	332,240
Total capital (equity and total debt)	1,324,804
Total assets	1,863,119
Financial leverage	
– net debt to total capital	25.1%
– net debt to total assets	17.8%

Capital structure

During the year, the Remaining Group raised new bank borrowings of approximately HK\$157.8 million, which were bank loans with maturity within one year and were mainly used to provide working capital for the Remaining Group. In addition, in June 2009, the Remaining Group issued a convertible bond with a principal amount of US\$15 million due in June 2014. Details of the transaction were disclosed in the announcement of the Company dated 13 May 2009.

In April 2009, the Company successfully raised an amount of approximately HK\$92.0 million by placing 230,000,000 new Shares to an independent third party at a subscription price of HK\$0.4 per Share. Details of the transaction were disclosed in the announcement of the Company dated 27 April 2009. During the year, a total of 1,714,000 Shares were allotted and issued as a result of the exercise of share options. Therefore, the issued share capital of the Company increased to HK\$535.5 million, represented by 2,142,141,179 Shares as at 31 December 2009.

Charge on assets

As at 31 December 2009, bank deposits of HK\$13.1 million were pledged to banks to secure bills payables granted to the Remaining Group.

Foreign exchange exposure

The normal operations and investments of the Remaining Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operating results of the Remaining Group might be affected by the volatility of Renminbi. The Remaining Group will review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposures at appropriate times. As at 31 December 2009, there were no derivative financial instruments employed by the Remaining Group.

Material acquisitions, disposals, significant investments and future plans for material investment

Saved as disclosed above, the Remaining Group had no other material acquisition, disposal, significant investment and future plans for material investment during the year ended 31 December 2009.

Contingent liabilities

As at 31 December 2009, the contingent liabilities of the Remaining Group were arisen from cross guarantees given by a subsidiary of RMB41 million for credit facilities granted to third parties, and the amount utilised was RMB41 million.

Employees and remuneration policies

The Remaining Group has a total of 694 employees at 31 December 2009.

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

(b) For the year ended 31 December 2010**Business review**

Turnover from the Remaining Group for the year ended 31 December 2010 amounted to HK\$324.4 million. Loss attributable to the owners of the Company for the year amounted to HK\$79.7 million.

Segment information

The reportable segments of the Remaining Group are system integration solution services and others.

System Integration Solution Services

System integration solution services segment represents development and provision of system integration solutions, system design and sale of system hardware. The system integration solution services have continued to generate a stable return for the Remaining Group. The turnover and operating profit of the system integration solution services during the year amounted to HK\$316.6 million and HK\$18.3 million respectively.

During the year, the Remaining Group increased its investment in Zhejiang Concord Optic-Electronic Technology Company Limited (originally an associate of the Remaining Group in which the Remaining Group has held 48.5% interests) by acquiring a further 31.5% interest for a consideration of HK\$4.8 million, with an aim to going in line with the rapid growth of the LED lighting industry in China and striving to develop the LED lighting business.

Others

This represents provision of management services and leasing of investment properties. The turnover and operating loss during the year amounted to HK\$7.8 million and HK\$72.8 million respectively.

Liquidity and financial resources

The financial leverage of the Remaining Group as at 31 December 2010 is summarised below:

	<i>HK\$'000</i>
Total debt	
– from banks	389,960
– from convertible loan notes	441,203
	<hr/>
Sub-total	831,163
Pledged bank deposits	(245,142)
Cash and bank deposits	(155,061)
	<hr/>
Net debt	430,960
Total capital (equity and total debt)	1,362,885
Total assets	1,694,296
Financial leverage	
– net debt to total capital	31.6%
– net debt to total assets	25.4%

Capital structure

During the year, the Remaining Group raised new bank borrowings of HK\$443.9 million, which were bank loans with maturity within one year and were mainly used to provide working capital for the Remaining Group.

As at 31 December 2010, the number of Shares and issued share capital of the Company were 2,142,100,000 and approximately HK\$535.5 million respectively.

Charge on assets

As at 31 December 2010, bank deposits of HK\$245.1 million were pledged to banks to secure banking facilities (including bank borrowings and bills payables) granted to the Remaining Group.

Foreign exchange exposure

The normal operations and investments of the Remaining Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operating results of the Remaining Group might be affected by the volatility of Renminbi. The Remaining Group will review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposures at appropriate times. As at 31 December 2010, there were no derivative financial instruments employed by the Remaining Group.

Material acquisitions, disposals, significant investments and future plans for material investment

Save as disclosed above, the Remaining Group had no other material acquisition, disposal, significant investment and future plans for material investment during the year ended 31 December 2010.

Contingent liabilities

As at 31 December 2010, the contingent liabilities of the Remaining Group were arisen from cross guarantees given by a subsidiary of RMB55 million for credit facilities granted to third parties, and the amount utilised was RMB41 million.

Employees and remuneration policies

The Remaining Group had a total of 481 employees as at 31 December 2010.

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

(c) For the year ended 31 December 2011**Business review**

Turnover from the Remaining Group for the year ended 31 December 2011 amounted to HK\$282.7 million. Loss attributable to the owners of the Company for the year amounted to HK\$259.3 million.

Segment information

The reportable segments of the Remaining Group are system integration solution services and others.

System Integration Solution Services

System integration solution services segment represents development and provision of system integration solutions, system design and sale of system hardware. The system integration solution services have continued to generate a stable return for the Remaining Group. The turnover and operating profit of the system integration solution services during the year amounted to HK\$273.9 million and HK\$27.9 million respectively. The progress of the development and provision of system integration solutions projects started to slow down and the turnover declined during the year in view of stricter surveillance on development projects and tightened property curbs imposed by the PRC government. This is expected to have an adverse effect on cash flows in future years and thus an impairment loss on goodwill of approximately HK\$110.6 million, representing the excess of the carrying amount over the recoverable amount of the system integration solution services business, was made for the year ended 31 December 2011. Nevertheless, operating profit rose substantially by HK\$9.6 million due to more effective cost control for the year. During the year, the Remaining Group undertook a number of large-scale intelligent building projects and the business is expected to post a sustainable growth in the long run.

During the year, the Remaining Group invested approximately HK\$1.8 million for the acquisition of 15% equity interest in 浙江世紀協和節能科技有限公司 with an aim to going in line with the rapid growth of the energy saving and environmental protection advocating industry in China and striving to develop the energy saving business. The Remaining 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 Remaining Group in the future.

Others

This represents provision of management services, leasing of investment properties and sales of light emitted diode projects. The turnover and operating loss during the year amounted to HK\$8.8 million and HK\$47.9 million respectively.

Liquidity and financial resources

The financial leverage of the Remaining Group as at 31 December 2011 is summarised below:

	<i>HK\$'000</i>
Total debt	
– from bank	516,111
– from convertible loan notes	323,438
– from a related company, a shareholder and a third party	93,530
	<hr/>
Sub-total	933,079
Pledged bank deposits	(333,106)
Cash and bank deposits	(1,110,124)
	<hr/>
Net debt	N/A
Total capital (equity and total debt)	2,188,694
Total assets	2,590,501
Financial leverage	
– net debt to total capital	N/A
– net debt to total assets	N/A

Capital structure

During the year, the Remaining Group raised new borrowings of HK\$689.0 million from banks, a related company, a shareholder and a third party which were mainly used to provide working capital for the Remaining Group. In addition, in April 2011, the Remaining Group issued new convertible loan notes with an aggregate principal amount of HK\$360 million due in April 2014, which were mainly used to repay the convertible loan notes with an aggregate principal amount of HK\$385 million due in April 2011.

In July 2011, the Remaining Group issued 100,000,000 Shares and the issued share capital was HK\$25 million. As at 31 December 2011, the number of Shares in issue and the issued share capital of the Company were 2,242,141,179 and approximately HK\$560.5 million respectively.

Charge on assets

As at 31 December 2011, bank deposits of HK\$333.1 million and bills receivables of HK\$2.5 million were pledged to banks to secure banking facilities (including bank borrowings and bills payables) granted to the Remaining Group.

Foreign exchange exposure

The ordinary operations and investments of the Remaining Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operating results of the Remaining Group may be affected by the volatility of Renminbi. The Remaining 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 Remaining Group.

Material acquisitions, disposals, significant investments and future plans for material investment

During the year, the Remaining 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 Remaining 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 Remaining Group's businesses and would enable a deployment of richer resources on operations which would generate higher returns and/or possess higher potential.

Save as disclosed above, the Remaining Group had no other material acquisition, disposal, significant investment and future plans for material investment during the year ended 31 December 2011.

Contingent liabilities

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

Employees and remuneration policies

The Remaining Group had a total of 311 employees as at 31 December 2011.

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

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

SUMMARY OF UNAUDITED COMBINED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below are the unaudited combined financial information of the Disposal Group for the three years ended 31 December 2009, 2010 and 2011 (the “**Unaudited Combined Financial Information**”), which have been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules and the basis set out in note 2 to the Unaudited Combined Financial Information.

The reporting accountants of the Company, Ascenda Cachet CPA Limited, have reviewed the Unaudited Combined Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which applies to a review of historical financial information performed by the independent auditor of the entity and concluded that nothing has come to their attention that causes them to believe that the Unaudited Combined Financial Information of the Disposal Group is not prepared, in all material respects, in accordance with the relevant accounting policies adopted by the Company for the relevant years or periods in the preparation of the consolidated financial statements and condensed consolidated financial statements of the Company and the basis set out in note 2 to the Unaudited Combined Financial Information.

For the purpose of preparation of the Unaudited Combined Financial Information of the Disposal Group to be included in this circular, the Directors have prepared such Unaudited Combined Financial Information in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules which requires that the Unaudited Financial Information must contain at least a statement of financial position, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for each of the three financial years of the Disposal Group immediately preceding the issue of the circular.

However, the Unaudited Combined Financial Information does not contain sufficient explanatory notes to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Report” issued by the HKICPA.

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2009, 2010 and 2011

	2009 <i>HK\$'000</i> Unaudited	2010 <i>HK\$'000</i> Unaudited	2011 <i>HK\$'000</i> Unaudited
Revenue	–	133,386	214,394
Cost of sales	–	(17,274)	(97,688)
Gross profit	–	116,112	116,706
Other income, gains and losses	2,946	4,236	7,475
Administrative expenses	(14,483)	(8,199)	(6,239)
Finance costs	(11,699)	(21,621)	(26,576)
Profit/(loss) before tax	(23,236)	90,528	91,366
Income tax expense	–	(19,412)	(70,035)
Profit/(loss) for the year	(23,236)	71,116	21,331
Other comprehensive income for the year, net of tax			
Gain on revaluation upon transfer from property, plant and equipment to investment properties, net of tax	6,048	–	–
Exchange difference arising on translation of foreign operations	466	895	8,127
Other comprehensive income for the year, net of tax	6,514	895	8,127
Total comprehensive income/(expense) for the year	(16,722)	72,011	29,458

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009, 2010 and 2011

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited
Non-current assets			
Investment properties	32,842	35,105	40,794
Property, plant and equipment	20,190	671,583	815,670
Goodwill	12,522	12,522	13,630
Intangible assets	110,851	397,555	400,291
Deposits paid for acquisition of equipment	353,870	169,275	–
Available-for-sale investments	14,024	–	–
	<hr/>	<hr/>	<hr/>
Total non-current assets	544,299	1,286,040	1,270,385
	<hr/>	<hr/>	<hr/>
Current assets			
Trade receivables	11,864	149,462	173,730
Prepayments and other receivables	24,757	49,755	24,197
Pledged bank deposits	–	–	8,284
Bank balances and cash	219,216	55,257	4,356
	<hr/>	<hr/>	<hr/>
Total current assets	255,837	254,474	210,567
	<hr/>	<hr/>	<hr/>
Current liabilities			
Trade and bills payables	39	1,976	33,385
Other payables and accruals	1,405	177,198	22,435
Due to the Remaining Group	434,727	769,931	871,287
Tax liabilities	–	19,653	92,427
Bank borrowings – due within one year	–	76,560	81,180
	<hr/>	<hr/>	<hr/>
Total current liabilities	436,171	1,045,318	1,100,714
	<hr/>	<hr/>	<hr/>
Net current liabilities	(180,334)	(790,844)	(890,147)
	<hr/>	<hr/>	<hr/>
Total assets less current liabilities	363,965	495,196	380,238
	<hr/>	<hr/>	<hr/>
Non-current liabilities			
Bank borrowings – due after one year	395,500	329,440	310,304
Other payable	–	125,280	–
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	395,500	454,720	310,304
	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	(31,535)	40,476	69,934
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Issued capital (HK\$1)	–	–	–
Reserves	(31,535)	40,476	69,934
	<hr/>	<hr/>	<hr/>
Total equity/(total deficiency in assets)	(31,535)	40,476	69,934
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2009, 2010 and 2011

	Issued capital <i>HK\$'000</i> Unaudited	Property revaluation reserve <i>HK\$'000</i> Unaudited	Translation reserve <i>HK\$'000</i> Unaudited	Retained profits/ (accumulated losses) <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
As at 1 January 2009	–	–	1,503	(16,316)	(14,813)
Loss for the year	–	–	–	(23,236)	(23,236)
Other comprehensive income:					
Gain on revaluation upon transfer from property, plant and equipment to investment properties	–	6,048	–	–	6,048
Exchange difference arising on translation of foreign operations	–	–	466	–	466
Total comprehensive income/ (expense) for the year	–	6,048	466	(23,236)	(16,722)
As at 31 December 2009 and 1 January 2010	–	6,048	1,969	(39,552)	(31,535)
Profit for the year	–	–	–	71,116	71,116
Other comprehensive income:					
Exchange difference arising on translation of foreign operations	–	–	895	–	895
Total comprehensive income for the year	–	–	895	71,116	72,011
As at 31 December 2010 and 1 January 2011	–	6,048	2,864	31,564	40,476
Profit for the year	–	–	–	21,331	21,331
Other comprehensive income:					
Exchange difference arising on translation of foreign operations	–	–	8,127	–	8,127
Total comprehensive income for the year	–	–	8,127	21,331	29,458
As at 31 December 2011	–	6,048	10,991	52,895	69,934

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2009, 2010 and 2011

	2009 <i>HK\$'000</i> Unaudited	2010 <i>HK\$'000</i> Unaudited	2011 <i>HK\$'000</i> Unaudited
Operating activities			
Profit/(loss) for the year	(23,236)	71,116	21,331
Adjustments for:			
Depreciation of property, plant and equipment	988	9,940	79,663
Income tax expense	–	19,412	70,035
Interest on bank borrowings	–	21,621	26,576
Amortisation of intangible assets	6,106	8,456	20,793
Impairment loss in respect of other receivables	–	–	295
Loss on disposal of property, plant and equipment	–	–	244
Interest income	–	(41)	(34)
Increase in fair value of investment properties	–	(1,374)	(3,493)
Operating cash flows before movements in working capital	(16,142)	129,130	215,410
Decrease/(increase) in trade receivables	123	(137,285)	(15,249)
Decrease/(increase) in prepayments, deposits and other receivables	(3,333)	(10,317)	26,723
Increase in trade and bills payables	8	1,936	31,290
Increase/(decrease) in other payables and accruals	(574)	4,806	8,878
Cash flows from/(used in) operations	(19,918)	(11,730)	267,052
Interest paid	–	(20,951)	(24,531)
Net cash flows from/(used in) operating activities	(19,918)	(32,681)	242,521
Investing activities			
Refund/(replacement) of deposits paid for acquisition of digital television system equipment	(248,142)	(169,275)	169,275
Purchase of unlisted available-for-sale investments	(14,024)	–	–
Purchase of property, plant and equipment	(9,007)	(298,958)	(181,977)
Proceeds from disposal of property, plant and equipment	998	–	758
Consideration paid for acquisition of intangible asset	–	–	(292,320)
Placement of pledged bank deposits	–	–	(8,284)
Interest received	–	41	34
Net cash used in investing activities	(270,175)	(468,192)	(312,514)

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

	2009 <i>HK\$'000</i> Unaudited	2010 <i>HK\$'000</i> Unaudited	2011 <i>HK\$'000</i> Unaudited
Financing activities			
New bank loans raised	395,500	–	41,249
Advances from the Remaining Group	111,853	335,204	54,895
Repayments of bank loans	–	–	(79,418)
	<hr/>	<hr/>	<hr/>
Net cash flows from financing activities	507,353	335,204	16,726
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	217,260	(165,669)	(53,267)
Cash and cash equivalents at beginning of year	1,944	219,216	55,257
Effect of foreign exchange rate changes	12	1,710	2,366
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	219,216	55,257	4,356
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION FOR THE DISPOSAL GROUP

1 GENERAL

The Company entered into the Disposal Agreement with the Purchaser on 23 December 2011 and the Supplemental Agreement on 29 February 2012, pursuant to which the Company will (i) dispose of 100% equity interest in SCDTV and certain of its subsidiaries at a cash consideration of HK\$1,420,000,000; and (ii) settle certain outstanding indebtedness (other than taxation) of the Disposal Group as at 31 December 2011. SCDTV will undergo the Reorganisation for the purpose of the Disposal. The Reorganisation involves disposing certain existing subsidiaries of SCDTV to the Remaining Group at their carrying amounts before Completion. After the Reorganisation and at the Completion Date, the Disposal Group will comprise (i) SCDTV; (ii) South China DTV Technology Development Limited; (iii) 陽江市陽春易家通信息技術有限公司; (iv) South China Digital Equipment Company Limited; and (v) 廣州市易家通互動信息發展有限公司.

The principal activity of the Disposal Group is the provision of multi-media information services based on a cabled digital television network in Guangdong Province, the PRC.

2. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED COMBINED FINANCIAL INFORMATION

The Unaudited Combined Financial Information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules and the bases set out herein below and is solely for the purpose of inclusion in this circular.

The Unaudited Combined Financial Information has been prepared in accordance with the relevant accounting policies adopted by the Company for the relevant years or periods in the preparation of the consolidated financial statements and condensed consolidated financial statements of the Company. The Unaudited Combined Financial Information does not contain sufficient explanatory notes to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Report” issued by the HKICPA.

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

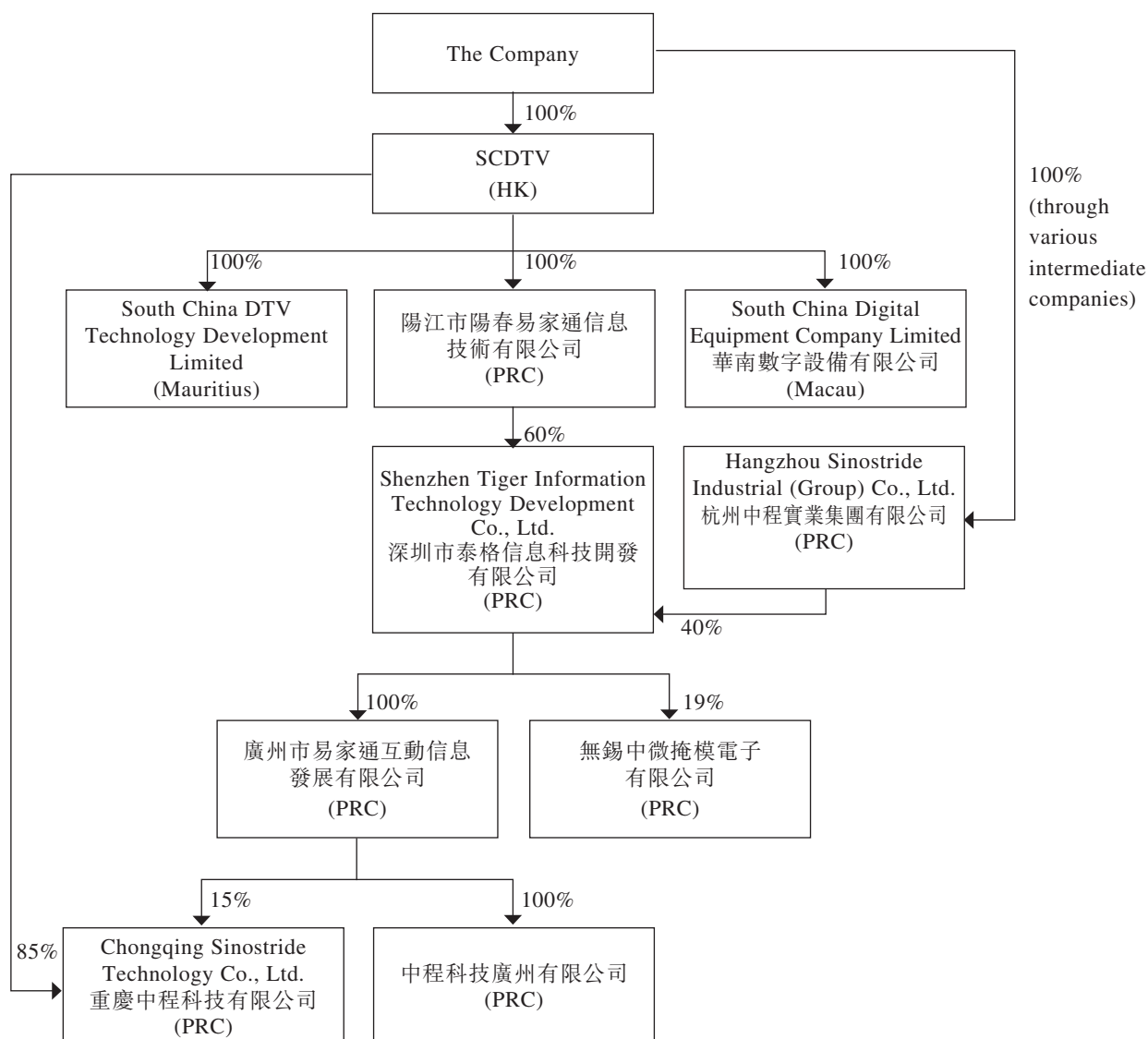
Reorganisation

As at 31 December 2011, SCDTV has the following subsidiaries:

- (i) South China DTV Technology Development Limited;
- (ii) 陽江市陽春易家通信息技術有限公司;
- (iii) South China Digital Equipment Company Limited;
- (iv) Shenzhen Tiger Information Technology Development Co., Ltd.*;
- (v) 廣州市易家通互動信息發展有限公司;
- (vi) Chongqing Sinostride Technology Co., Ltd.*; and
- (vii) 中程科技廣州有限公司*.

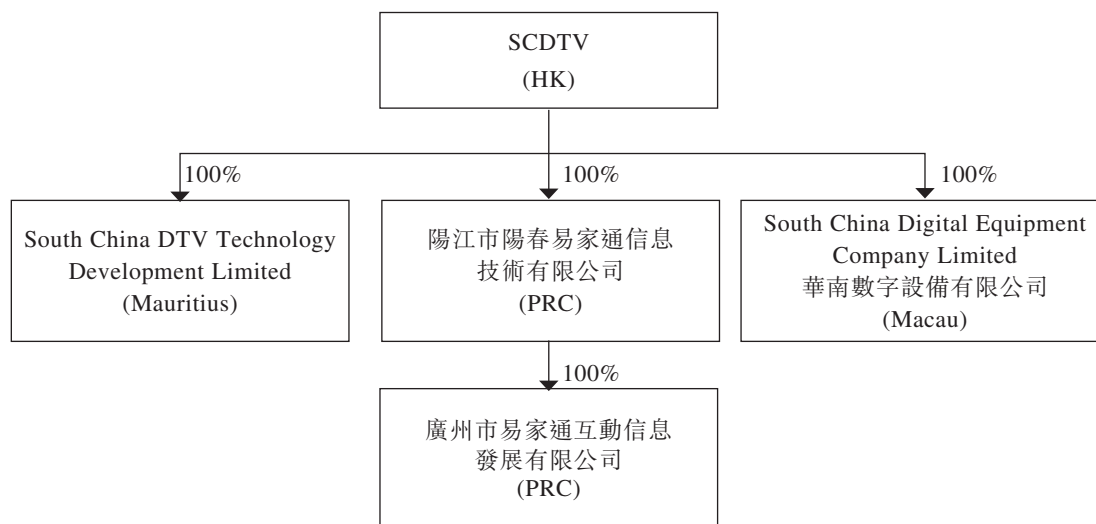
* The Reorganisation involves disposing certain existing subsidiaries of SCDTV, namely (i) Shenzhen Tiger Information Technology Development Co., Ltd.; (ii) Chongqing Sinostride Technology Co., Ltd. and (iii) 中程科技廣州有限公司, to the Remaining Group at their carrying amounts before Completion.

The existing shareholding structure of SCDTV and its subsidiaries is as follows:-



APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

The shareholding structure of SCDTV and its subsidiaries after the Reorganisation and upon completion of the Disposal will be as follows:



For the purpose of these Unaudited Combined Financial Information, the combining entities are (i) SCDTV; (ii) South China DTV Technology Development Limited; (iii) 陽江市陽春易家通信息技術有限公司; (iv) South China Digital Equipment Company Limited; and (v) 廣州市易家通互動信息發展有限公司. The Combined Financial Information includes the results and net assets of the companies now comprising the Disposal Group as if the Reorganisation had been completed and the Disposal Group structure had been in existence throughout the years ended 31 December 2009, 2010 and 2011, or since the dates of their respective incorporation/registration where this is a shorter period. All material intra-group transactions and balances have been eliminated on combination.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

I. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



27 April 2012

The Directors
Shougang Concord Technology Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Shougang Concord Technology Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors (the "Directors") of the Company for illustrative purposes only, to provide information about how the disposal of the 100% equity interest in (i) South China Digital TV Holdings Limited ("SCDTV"); (ii) South China DTV Technology Development Limited; (iii) 陽江市陽春易家通信息技術有限公司; (iv) South China Digital Equipment Company Limited; and (v) 廣州市易家通互動信息發展有限公司 (collectively referred to as the "Disposal Group") might have affected the financial information presented, for inclusion in Appendix III of the circular issued by the Company dated 27 April 2012 (the "Circular"). The Company and its subsidiaries after exclusion of the Disposal Group are referred to as the Remaining Group. The basis of preparation of the unaudited pro forma financial information is set out in Section II of Appendix III to the Circular.

Respective responsibilities of the Directors and reporting accountants

It is the responsibility of the Directors to prepare the unaudited pro forma financial information of the Remaining Group in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information of the Remaining Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information of the Remaining Group beyond that owed to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information of the Remaining Group with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information of the Remaining Group has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information of the Remaining Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The unaudited pro forma financial information of the Remaining Group is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance of indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 31 December 2011 or at any future date; or
- the results and cash flows of the Remaining Group for the year ended 31 December 2011 or for any future periods.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Remaining Group has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information of the Remaining Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

Ascenda Cachet CPA Limited

Chan Yuk Tong

Practising Certificate Number P03723

Hong Kong

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

II. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following unaudited pro forma financial information of the Remaining Group has been prepared and included in this circular to illustrate the effect of the Disposal. The Company entered into the Disposal Agreement with the Purchaser on 23 December 2011 and the Supplemental Agreement on 29 February 2012, pursuant to which the Company will (i) dispose of 100% equity interest in SCDTV and certain of its subsidiaries at a cash consideration of HK\$1,420,000,000; and (ii) settle certain outstanding indebtedness (other than taxation) (the “**Indebtedness**”) of the Disposal Group as at 31 December 2011. SCDTV will undergo the Reorganisation for the purpose of the Disposal. The Reorganisation involved disposing certain existing subsidiaries of SCDTV to the Remaining Group at their carrying amounts before completion of the Disposal. After the Reorganisation and at the Completion Date, the Disposal Group will comprise (i) SCDTV; (ii) South China DTV Technology Development Limited; (iii) 陽江市陽春易家通信息技術有限公司; (iv) South China Digital Equipment Company Limited; and (v) 廣州市易家通互動信息發展有限公司. The Company and its subsidiaries after exclusion of the Disposal Group are referred to as the Remaining Group.

The unaudited pro forma consolidated statement of financial position of the Remaining Group are prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2011 as extracted from the annual report of the Company and the unaudited combined statement of financial position of the Disposal Group as at 31 December 2011 as extracted from the financial information of the Disposal Group as set out in Appendix II to the Circular, and as if the Disposal had been completed on 31 December 2011. A narrative description of the pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Remaining Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma consolidated statement of comprehensive income of the Remaining Group are prepared based on the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2011 as extracted from the annual report of the Company and the unaudited combined statement of comprehensive income of the Disposal Group for the year ended 31 December 2011 as extracted from the financial information of the Disposal Group as set out in Appendix II to the Circular, and as if the Disposal had been completed on 1 January 2011. A narrative description of the pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Remaining Group; and (iii) factually supportable, are summarised in the accompanying notes.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 as extracted from the annual report of the Company and the unaudited combined statement of cash flows of the Disposal Group for the year ended 31 December 2011 as extracted from the financial information of the Disposal Group as set out in Appendix II to the Circular, and as if the Disposal had been completed on 1 January 2011. A narrative description of the pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Remaining Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma financial information is prepared to provide information on the Remaining Group as a result of the completion of the Disposal. It is prepared for illustrative purpose only in accordance with paragraph 29 of Chapter 4 of the Listing Rules to provide the investors with further information to illustrate the effect on the Group after the completion of Disposal and it does not purport to represent what the results, cash flows or financial position of the Remaining Group following the completion of the Disposal.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF
THE REMAINING GROUP AS AT 31 DECEMBER 2011**

	The Group's audited consolidated statement of financial position as at 31 December 2011							The Remaining Group's unaudited pro forma consolidated statement of financial position as at 31 December 2011
	HK\$'000	Pro forma adjustment						HK\$'000
	Audited	Unaudited <i>Note (a)(1)</i>	Unaudited <i>Note (a)(2)</i>	Unaudited <i>Note (a)(3)</i>	Unaudited <i>Note (b)</i>	Unaudited <i>Note (c)</i>	Unaudited <i>Note (d)</i>	Unaudited
Non-current assets								
Property, plant and equipment	16,163							16,163
Goodwill	74,668							74,668
Intangible assets	8,841							8,841
Deposit paid for acquisition of a property	43,050							43,050
Investments in associates	6,690							6,690
Available-for-sale investments	54,217							54,217
Club debentures	700							700
Deferred tax assets	9,871							9,871
Total non-current assets	<u>214,200</u>							<u>214,200</u>
Current assets								
Inventories	23,894							23,894
Trade and bills receivables	112,247							112,247
Prepayments, deposits and other receivables	304,704							304,704
Held-for-trading investments	2,490							2,490
Amounts due from customers for contract work	419,773							419,773
Tax recoverable	1,711							1,711
Pledged bank deposits	333,106							333,106
Bank balances and cash	118,870	1,419,000			(427,846)			1,110,024
	1,316,795							2,307,949
Disposal groups classified as held-for-sale	1,549,304	(1,480,952)						68,352
Total current assets	<u>2,866,099</u>							<u>2,376,301</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group's audited consolidated statement of financial position as at 31 December 2011		Pro forma adjustment					The Remaining Group's unaudited pro forma consolidated statement of financial position as at 31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Audited	Unaudited Note (a)(1)	Unaudited Note (a)(2)	Unaudited Note (a)(3)	Unaudited Note (b)	Unaudited Note (c)	Unaudited Note (d)	Unaudited
Current liabilities								
Trade and bills payables	198,710	33,385			(33,385)			198,710
Other payables, deposits received and accruals	55,739	2,977			(2,977)			55,739
Amounts due to customers for contract work	1,770							1,770
Convertible loan notes	87,626							87,626
Embedded derivative components of convertible loan notes	19,444							19,444
Tax liabilities	11,685							11,685
Borrowings – due within one year	609,641	81,180			(81,180)			609,641
	<u>984,615</u>							<u>984,615</u>
Liabilities associated with disposal groups classified as held-for-sale	555,999	(539,731)						16,268
Total current liabilities	<u>1,540,614</u>							<u>1,000,883</u>
Net current assets	<u>1,325,485</u>							<u>1,375,418</u>
Total assets less current liabilities	<u>1,539,685</u>							<u>1,589,618</u>
Non-current liabilities								
Bank borrowings – due after one year	–	310,304			(310,304)			–
Convertible loan notes	235,812							235,812
Embedded derivative components of convertible loan notes	44,123							44,123
Total non-current liabilities	<u>279,935</u>							<u>279,935</u>
Net assets	<u>1,259,750</u>							<u>1,309,683</u>
Capital and reserves								
Share capital	560,535							560,535
Reserves	616,111		6,048					622,159
		(10,991)						(10,991)
		60,924						60,924
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	29,036		(6,048)					22,988
Equity attributable to owners of the Company	1,205,682							1,255,615
Non-controlling interests	54,068							54,068
Total equity	<u>1,259,750</u>							<u>1,309,683</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
OF THE REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2011**

	The Group's audited consolidated statement of comprehensive income for the year ended 31 December 2011	Pro forma adjustment						The Remaining Group's unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		<i>Note (a)(1)</i>	<i>Note (a)(2)</i>	<i>Note (a)(3)</i>	<i>Note (b)</i>	<i>Note (c)</i>	<i>Note (d)</i>	
Continuing operations								
Revenue	282,704							282,704
Cost of sales	(237,809)							(237,809)
Gross profit	44,895							44,895
Investment income	16,450							16,450
Other gains and losses	105,499							105,499
Other expenses	(14,052)							(14,052)
Loss on disposal of subsidiaries	-			(91,524)				(91,524)
Selling and distribution costs	(11,410)							(11,410)
Administrative expenses	(93,045)							(93,045)
Impairment loss recognised in respect of available-for-sale investment	(5,200)							(5,200)
Impairment loss on disposal group classified as held-for-sale	(9,763)							(9,763)
Impairment loss recognised in respect of goodwill	(110,588)							(110,588)
Finance costs	(84,208)							(84,208)
Loss before tax	(161,422)							(252,946)
Income tax expense	(3,581)							(3,581)
Loss for the year from continuing operations	(165,003)							(256,527)
Discontinued operations								
Profit for the year from discontinued operations	21,331					(21,331)		-
Loss for the year	(143,672)							(256,527)

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group's audited consolidated statement of comprehensive income for the year ended 31 December 2011	Pro forma adjustment						The Remaining Group's unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		<i>Note (a)(1)</i>	<i>Note (a)(2)</i>	<i>Note (a)(3)</i>	<i>Note (b)</i>	<i>Note (c)</i>	<i>Note (d)</i>	
Other comprehensive income for the year, net of tax								
<i>Exchange difference on translation</i>								
Exchange difference arising during the year	57,436					(8,127)		49,309
Share of translation difference of associates	293							293
Reclassification adjustment upon disposal of subsidiaries	–					(2,864)		(2,864)
Reclassification adjustment upon disposal of an associate	(289)							(289)
<i>Available-for-sale investments</i>								
Reclassification adjustment upon disposal of an associate	2,090							2,090
Reclassification adjustment upon loss of significant influence of an associate	(2,154)							(2,154)
<i>Revaluation of property</i>								
Gain on revaluation upon transfer from property, plant and equipment to investment properties	2,902							2,902
Deferred tax upon transfer from property, plant and equipment to investment properties	(436)							(436)
Other comprehensive income for the year, net of tax	59,842							48,851
Total comprehensive expense for the year	(83,830)							(207,676)

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2011**

	The Group's							The Remaining Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2011
	audited consolidated statement of cash flows for the year ended 31 December 2011							
	HK\$'000	Pro forma adjustment						
Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Note (a)(1)	Note (a)(2)	Note (a)(3)	Note (b)	Note (c)	Note (d)		
Operating activities								
Loss for the year	(143,672)			(91,524)			(21,331)	(256,527)
Adjustments for:								
Impairment loss in respect of goodwill	110,588							110,588
Loss on disposal of subsidiaries	-			91,524				91,524
Depreciation of property, plant and equipment	90,700					(79,663)		11,037
Income tax expense	73,616					(70,035)		3,581
Interest on convertible loan notes	59,752							59,752
Interest on bank borrowings	49,264					(26,576)		22,688
Interest on other borrowings	1,768							1,768
Amortisation of intangible assets	23,049					(20,793)		2,256
Impairment loss on respect of disposal group classified as held-for-sales	9,763							9,763
Impairment loss in respect of available-for-sale investment	5,200							5,200
Impairment loss in respect of trade receivables	3,357							3,357
Impairment loss in respect of other receivables	1,916					(295)		1,621
Decrease in fair value of held-for-trading investments	1,552							1,552
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
Release of prepaid lease payments	84							84
Gain on fair value change of the derivative components of convertible loan notes	(63,226)							(63,226)
Gain on disposal of property, plant and equipment	(37,284)					(244)		(37,528)
Interest income	(16,483)					34		(16,449)
Increase in fair value of investment properties	(3,963)					3,493		(470)
Gain on disposal of an associate	(2,894)							(2,894)

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group's audited consolidated statement of cash flows for the year ended 31 December 2011	Pro forma adjustment						The Remaining Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		Note (a)(1)	Note (a)(2)	Note (a)(3)	Note (b)	Note (c)	Note (d)	
Gain on loss of significant influence of an associate	(2,154)							(2,154)
Gain on disposal of available-for-sale investments	(241)							(241)
Operating cash flows before movements in working capital	162,547							(52,863)
Decrease in inventories	(5,131)							(5,131)
Decrease/(increase) in trade and bills receivables	(43,116)					15,249		(27,867)
Decrease/(increase) in prepayments, deposits and other receivables	7,288					(26,723)		(19,435)
Decrease in held-for-trading investments	4,572							4,572
Decrease in trade and bills payables	(19,032)				(1,976)		(31,290)	(52,298)
Decrease in other payables, deposits received and accruals	(5,599)				(295,005)		(8,878)	(309,482)
Increase in amounts due from customers for contract work	(30,603)							(30,603)
Decrease in amounts due to customers for contract work	(25,373)							(25,373)
Cash flow from/(used in) operations	45,553							(518,480)
Interest paid	(55,161)						24,531	(30,630)
PRC Income Tax paid	(4,612)							(4,612)
Receipt of tax refund	14							14
Net cash used in operating activities	(14,206)							(553,708)
Investing activities								
Consideration paid for acquisition of intangible asset	(292,320)						292,320	-
Purchase of property, plant and equipment	(187,510)						181,977	(5,533)
Placement of pledged bank deposits	(249,610)						8,284	(241,326)
Purchase of intangible assets	(2,114)							(2,114)
Purchase of unlisted available-for-sale investments	(1,805)							(1,805)

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group's audited consolidated statement of cash flows for the year ended 31 December 2011	Pro forma adjustment						The Remaining Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		Note (a)(1)	Note (a)(2)	Note (a)(3)	Note (b)	Note (c)	Note (d)	
Refund of deposits paid for acquisition of digital television system equipment	169,275						(169,275)	–
Withdrawal of pledged bank deposits	168,155							168,155
Net cash inflow on disposal of subsidiaries	96,648			1,363,743				1,460,391
Proceeds from disposal of property, plant and equipment	46,358						(758)	45,600
Deposit received from purchasers relating to disposal group held-for-sale	13,038							13,038
Interest received	9,259						(34)	9,225
Proceeds from disposal of available-for-sale investments (net of transaction costs)	8,664							8,664
Proceeds from disposal of an associate	666							666
Net cash flows from/(used in) investing activities	(221,296)							1,454,961
Financing activities								
New bank loans raised	598,786						(41,249)	557,537
Proceeds from issue of convertible loan notes	360,000							360,000
Loan advance from a related company	93,240							93,240
Loan advance from a third party	22,140							22,140
Loan advance from a shareholder	17,000							17,000
Repayments of bank loans	(505,281)				(406,000)		79,418	(831,863)
Repayments of convertible loan notes	(385,000)							(385,000)
Repayment to a related company	(38,850)							(38,850)
Net cash flows from/(used in) financing activities	162,035							(205,796)
Net increase/(decrease) in cash and cash equivalents	(73,467)							695,457
Cash and cash equivalents at beginning of year	210,318						(55,257)	155,061
Effect of foreign exchange rate changes	(13,589)						(2,366)	(15,955)
Cash and cash equivalents at end of the year	123,262							834,563
Represented by:								
Bank balances and cash	118,870							834,527
Cash and cash equivalents included in disposal groups held-for-sale	4,392							36
	123,262							834,563

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Notes:

- (a) (1) The adjustment reflects the net proceeds from the Disposal and the estimated gain arising from the Disposal as if the Disposal had taken place on 31 December 2011 and recognised in the unaudited pro forma consolidated statement of financial position as at 31 December 2011 with details as follows:

	<i>HK\$'000</i>
Total assets of the Disposal Group	
Investment properties	40,794
Property, plant and equipment	815,670
Goodwill	13,630
Intangible assets	400,291
Trade receivables	173,730
Prepayments and other receivables	24,197
Pledged bank deposits	8,284
Bank balances and cash	4,356

Total assets of the Disposal Group	(A) 1,480,952

Total liabilities of the Disposal Group	
Trade and bills payables	33,385
Other payables and accruals	22,435
Due to the Remaining Group by the Disposal Group	871,287
Tax liabilities	92,427
Bank borrowings	391,484

Total liabilities of the Disposal Group	(B) 1,411,018
Less: Due to the Remaining Group by the Disposal Group	(871,287)

Total liabilities classified as held-for-sale	(C) 539,731

Adjusted total assets less total liabilities classified as held-for-sale	(A) – (C) 941,221
Add: Indebtedness of the Disposal Group as at 31 December 2011 to be settled by the Company:	
Trade and bills payables	33,385
Other payables and accruals (excluding business tax payable)	2,977
Bank borrowings	391,484

Adjusted net assets value of the Disposal Group as at 31 December 2011	1,369,067
Translation reserve realised upon disposal of the Disposal Group	(10,991)

	1,358,076
Less: Net proceeds received and receivable by the Remaining Group	(1,419,000)

Gain on disposal of the Disposal Group	60,924

Consideration of the Disposal satisfied by cash	1,420,000
Estimated legal and professional fees and expenses in relation to the Disposal	(1,000)

Net proceeds received and receivable by the Remaining Group	1,419,000

- (2) The adjustment reflects the derecognition of the property revaluation reserve of the leasehold properties related to the Disposal Group of approximately HK\$6,048,000, which is accounted for as a transfer to retained profits as a movement in reserve by the Remaining Group on Completion.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (3) The adjustment reflects the estimated loss arising from the Disposal as if the Disposal had taken place on 1 January 2011 and recognised in the unaudited pro forma consolidated statement of comprehensive income as at 1 January 2011 with details as follows:

	<i>HK\$'000</i>
Total assets of the Disposal Group	
Investment properties	35,105
Property, plant and equipment	671,583
Goodwill	12,522
Intangible assets	397,555
Deposits paid for acquisition of equipment	169,275
Trade receivables	149,462
Prepayments and other receivables	49,755
Bank balances and cash	55,257
	<u> </u>
Total assets of the Disposal Group	(A) 1,540,514
	<u> </u>
Total liabilities of the Disposal Group	
Trade and bills payables	1,976
Other payables and accruals	302,478
Due to the Remaining Group by the Disposal Group	769,931
Tax liabilities	19,653
Bank borrowings	406,000
	<u> </u>
Total liabilities of the Disposal Group	(B) 1,500,038
Less: Due to the Remaining Group by the Disposal Group	(769,931)
	<u> </u>
Total liabilities classified as held-for-sale	(C) 730,107
	<u> </u>
Adjusted total assets less total liabilities classified as held-for-sale	(A) – (C) 810,407
Add: Indebtedness of the Disposal Group as at 1 January 2011 to be settled by the Company:	
Trade and bills payables	1,976
Other payables and accruals (excluding business tax payable)	295,005
Bank borrowings	406,000
	<u> </u>
Adjusted net assets value of the Disposal Group as at 1 January 2011	1,513,388
Translation reserve realised upon disposal of the Disposal Group	(2,864)
	<u> </u>
	1,510,524
Less: Net proceeds received and receivable by the Remaining Group	(1,419,000)
	<u> </u>
Loss on disposal of the Disposal Group	(91,524)
	<u> </u>
Consideration of the Disposal satisfied by cash	1,420,000
Estimated legal and professional fees and expenses in relation to the Disposal	(1,000)
	<u> </u>
Net proceeds received and receivable by the Remaining Group	1,419,000
	<u> </u>
Net cash inflow arising on the Disposal	
Net consideration receivable by the Remaining Group	1,419,000
Cash and cash equivalents disposed of	(55,257)
	<u> </u>
	1,363,743
	<u> </u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (b) The adjustment reflects the settlement of certain indebtedness of the Disposal Group by the Company as at 31 December 2011 (for unaudited pro forma consolidated statement of financial position) and 1 January 2011 (for unaudited pro forma consolidated statement of cash flows) by cash.
- (c) The adjustment reflects the exclusion of income and expenses as well as the translation reserve attributable to the Disposal Group from the consolidated statement of comprehensive income of the Group for the year ended 31 December 2011 assuming the Disposal had taken place on 1 January 2011. The items of comprehensive income of the Disposal Group are extracted from the unaudited combined statement of comprehensive income for the year ended 31 December 2011 as set out in Appendix II to the Circular.
- (d) The adjustment reflects the exclusion of cash flows attributable to the Disposal Group (excluding amounts due to the Remaining Group by the Disposal Group) from the consolidated statement of cash flows of the Group for the year ended 31 December 2011 assuming the Disposal had taken place on 1 January 2011. The items of cash flows of the Disposal Group are extracted from the unaudited combined statement of cash flows for the year ended 31 December 2011 as set out in Appendix II to the Circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity in which interests are held	Number of Shares/underlying Shares in the Company			Total interests	Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date
		Interests in Shares	Interests in underlying Shares	Total		
Li Shaofeng	Beneficial owner	–	21,000,000*	21,000,000	0.93%	
Mung Kin Keung	Beneficial owner, interests of controlled corporations	115,614,000	121,000,000* ^{&}	236,614,000	10.55%	
Chau Chit (“ Mr. Chau ”)	Beneficial owner, interests of a controlled corporation	316,598,000 [#]	21,750,000*	338,348,000	15.09%	
Leung Shun Sang, Tony	Beneficial owner	20,000,000	23,439,810*	43,439,810	1.93%	

Name of Director	Capacity in which interests are held	Number of Shares/underlying Shares in the Company			Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date
		Interests in Shares	Interests in underlying Shares	Total interests	
Lee Fook Sun	Beneficial owner	–	1,800,000*	1,800,000	0.08%
Wong Kun Kim	Beneficial owner	–	3,514,000*	3,514,000	0.15%
Leung Kai Cheung	Beneficial owner	1,714,000	1,800,000*	3,514,000	0.15%

* The relevant interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 7 June 2002 (the "**Scheme**"). Upon exercise of the share options in accordance with the Scheme, Shares are issuable. The share options are personal to the respective Directors.

& Mr. Mung Kin Keung, who is also a substantial Shareholder of the Company, indicated in his disclosed form dated 14 November 2011 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 10 November 2011, his interests in underlying Shares included unlisted physically settled convertible bonds due 2014 issued by the Company pursuant to the subscription agreement dated 3 March 2011. Upon full conversion, 100,000,000 Shares are issuable.

Mr. Chau, who is also a substantial Shareholder of the Company, indicated in his disclosure form dated 14 July 2011 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 11 July 2011, his interests included 301,160,000 Shares held by Mega Start Limited ("**Mega Start**") which was wholly-owned by Mr. Chau. The interest held by Mega Start was disclosed under "(b) Substantial Shareholders" of this section.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

- (i) So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, companies and persons who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity in which interests are held	Number of Shares/underlying Shares in the Company			Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date	Note(s)
		Interests in Shares	Interests in underlying Shares	Total interests		
Shougang Holding (Hong Kong) Limited (“ Shougang Holding ”)	Interests of controlled corporations	401,559,220	–	401,559,220	17.90%	1
Asset Resort Holdings Limited (“ Asset Resort ”)	Beneficial owner	231,515,151	–	231,515,151	10.32%	1
Wheeling Holdings Limited (“ Wheeling ”)	Beneficial owner, interests of controlled corporations	170,044,069	–	170,044,069	7.58%	1
Cheung Kong (Holdings) Limited (“ Cheung Kong ”)	Interests of controlled corporations	124,069,394	–	124,069,394	5.53%	2
Li Ka-shing (“ Mr. Li ”)	Interests of controlled corporations, founder of discretionary trusts	124,069,394	–	124,069,394	5.53%	2
Li Ka-Shing Unity Trustee Company Limited (“ TUTI ”)	Trustee	124,069,394	–	124,069,394	5.53%	2
Li Ka-Shing Unity Trustee Corporation Limited (“ TDT1 ”)	Trustee, beneficiary of a trust	124,069,394	–	124,069,394	5.53%	2
Li Ka-Shing Unity Trustcorp Limited (“ TDT2 ”)	Trustee, beneficiary of a trust	124,069,394	–	124,069,394	5.53%	2
Mega Start Limited (“ Mega Start ”)	Beneficial owner	301,160,000	–	301,160,000	13.43%	3
Temasek Holdings (Private) Limited (“ Temasek ”)	Interests of controlled corporations	133,523,480	–	133,523,480	5.95%	4
Singapore Technologies Engineering Ltd (“ ST Engineering ”)	Interests of a controlled corporation	133,523,480	–	133,523,480	5.95%	4

Name of Shareholder	Capacity in which interests are held	Number of Shares/underlying Shares in the Company			Total interests	Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date	Note(s)
		Interests in Shares	Interests in underlying Shares	Total			
Singapore Technologies Electronics Limited (“ST Electronics”)	Beneficial owner	133,523,480	–	133,523,480	5.95%	4	
Expert China Investments Limited	Beneficial owner	230,000,000	–	230,000,000	10.25%	–	
Templeton Asset Management Ltd.	Investment manager	–	193,749,999	193,749,999	8.64%	5	
Keen Front Group Limited	Beneficial owner	–	130,000,000	130,000,000	5.79%	6	
Energy Business Investment Ltd.	Beneficial owner	–	120,000,000	120,000,000	5.35%	6	
Link Chance Investment Limited	Beneficial owner	–	200,000,000	200,000,000	8.92%	6	

Notes:

- Shougang Holding indicated in its disclosure form dated 14 July 2011 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 11 July 2011, its interests included the interests held by Asset Resort and Wheeling respectively, both were wholly-owned subsidiaries of Shougang Holding.
- Li Ka-Shing Unity Holdings Limited (“**Unity Holdco**”), of which each of Mr. Li, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust (“**UT1**”), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of Cheung Kong.

In addition, Unity Holdco also owned the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust (“**DT1**”) and TDT2 as trustee of another discretionary trust (“**DT2**”). Each of TDT1 and TDT2 held units in UT1.

By virtue of the SFO, each of Mr. Li, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1 and TDT2 was deemed to be interested in the same block of Shares in which Cheung Kong was interested under the SFO.

- Mega Start was wholly-owned by Mr. Chau, a director of the Company, and its interest was disclosed as the interest of Mr. Chau under “(a) Directors and Chief Executive” of this section.
- Temasek indicated in its disclosure form dated 13 July 2011 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 11 July 2011, its interests included the interest held by ST Engineering which was held as to 50.92% by Temasek.

ST Engineering indicated in its disclosure form dated 13 July 2011 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 11 July 2011, its interests included the interest held by ST Electronics which is a wholly-owned subsidiary of ST Engineering.

5. The interest is zero coupon convertible bond due 2014 issued by the Company pursuant to the subscription agreement dated 13 May 2009 in the principal amount of US\$15,000,000. The initial conversion price of the said convertible bond is HK\$0.60 per Share (subject to adjustment).
6. The interests are 1.5% convertible bonds due 2014 issued by the Company pursuant to the subscription agreements dated 3 March 2011 with an aggregate principal amount of HK\$360,000,000. The initial conversion price of the said convertible bonds is HK\$0.45 per Share (subject to adjustment).

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or proposed Director is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- (ii) So far as is known to any Director, as the Latest Practicable Date, the following persons and companies were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital:

Name of member of the Group	Name of registered shareholder	Number and class of shares held/ registered capital	% of attributable interest
浙江協和光電科技有限公司 (Zhejiang Concord Optic-Electronic Technology Company Limited)	杭州協和實業有限公司	RMB2,000,000	20%
Grow Concept Industrial Limited	Yourkey (H.K.) Limited	4,000 ordinary shares	40%
Printronic Electronics Limited	Famous Mount Investments Limited	2 ordinary shares	40%
Ready Sound Limited	Ko Soen Chyi	200,000 ordinary shares	20%
	Ko Chang Shu Chin	200,000 ordinary shares	20%
中程科技有限公司 (Sinostride Technology Co., Ltd.) ("Sinostride")	Carrier Asia Limited ("Carrier")	RMB21,470,000	19%

Name of member of the Group	Name of registered shareholder	Number and class of shares held/ registered capital	% of attributable interest
北京中程滙強科技有限公司 (Beijing Sino Stride Powerlink Technology Co. Ltd.) ("Beijing Sino Stride")	Sinostride	Note	19%
浙江中程節能技術有限公司 (Zhejiang Sinostride Energy Saving Technology Co. Ltd.)	杭州君創投資管理 有限公司	RMB5,800,000	49%

Note: Beijing Sino Stride is a wholly-owned subsidiary of Sinostride. As Sinostride is held as to 19% by Carrier, Beijing Sino Stride is deemed to be held as to 19% by Carrier.

Save as disclosed above, the Directors are not aware of any person who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

3. OTHER DIRECTORS' INTERESTS

(a) Interests in competing business

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/ or any member of the Group) which were considered to compete or were likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Name of Director	Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which were considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Lee Fook Sun	Singapore Technologies Electronics Limited [#]	Intelligent information business	Director

[#] Such business may be carried out through its subsidiaries.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2011 (the date to which the latest published audited consolidated financial statements of the Company were made up).

(c) **Interests in contract on arrangement**

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, namely Mr. Li Shaofeng, Mr. Mung Kin Keung and Mr. Chau Chit, has entered into a service contract with the Company for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013. Under the said service contracts, each of Mr. Li Shaofeng, Mr. Mung Kin Keung and Mr. Chau Chit is entitled to receive a monthly salary of HK\$200,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Each of the non-executive Directors, namely Mr. Leung Shun Sang, Tony and Mr. Lee Fook Sun, and each of the independent non-executive Directors, namely Mr. Wong Kun Kim, Mr. Leung Kai Cheung and Mr. Wong Wai Kwan, has entered into an engagement letter with the Company for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013. Under the said engagement letters, each of the non-executive Directors and independent non-executive Directors is entitled to a director's fee as may be determined by the Board from time to time. There is no specific term regarding discretionary bonus and other variable remuneration under the said engagement letters. For the financial year ending 31 December 2012, the director's fees of Messrs. Leung Shun Sang, Tony and Lee Fook Sun will be HK\$190,000 and HK\$150,000 respectively for a full year, and the director's fee of each of the independent non-executive Directors will be HK\$240,000 for a full year.

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the sale and purchase agreement dated 8 July 2010 entered into between the Company as vendor and Mr. He Jinghe as purchaser in respect of the sale and purchase of 3,500 shares of US\$1.00 each, representing the entire issued share capital of Hop Cheong Holdings Limited, at a consideration of RMB9,029,368;
- (b) the share disposal agreement dated 3 September 2010 entered into between 廣州市易家通互動信息發展有限公司 (Guangzhou Yijiatong Interactive Information Development Company Limited) ("Yijiatong"), a wholly-owned subsidiary of the Company, as vendor and Yinshi Consultant as purchaser in respect of the disposal of the 39% of the registered capital of Southern Yinshi and the 36.11% of the registered capital of one project company and the 49% of the registered capital of each of the 16 project companies held by Yijiatong at a consideration of RMB12,166,000;
- (c) the novation agreement dated 3 September 2010 entered into between Yijiatong and Yinshi Consultant in respect of the novation of all rights and obligations under the cooperation agreement dated 10 March 2008 as amended by a supplemental agreement dated 3 September 2010 entered into between the Company and Southern Yinshi in relation to the Digital TV Business services by Yijiatong to Yinshi Consultant;

- (d) the 18 operation agreements all dated 3 September 2010 entered into between Yinshi Consultant as one party and each of Southern Yinshi and the project companies as another party, in relation to the development of the Digital TV Business in Guangdong Province;
- (e) the entrustment agreement dated 3 September 2010 entered into between Yijiatong and Southern Yinshi in respect of the purchase and construction of the equipment in respect of the Digital TV Business by Southern Yinshi;
- (f) the share transfer agreement dated 22 December 2010 entered into between Printronics Group Limited, a wholly-owned subsidiary of the Company, as vendor, and Introlines Industrial (H.K.) Limited as purchaser in respect of the sale and purchase of 2 shares of HK\$10 each in Printronics China Limited (“PCL”) and 2 shares of HK\$1 each in Far East PCB Limited (“Far East”) respectively, representing the entire issued share capital of each of PCL and Far East, at a consideration of HK\$3,000,000;
- (g) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Mr. Mei Chaohui as subscriber in respect of the issue by the Company of HK\$90,000,000 1.5% convertible bonds due 2014;
- (h) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Keen Front Group Limited as subscriber in respect of the issue by the Company of HK\$58,500,000 1.5% convertible bonds due 2014;
- (i) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Energy Business Investments Ltd. as subscriber in respect of the issue by the Company of HK\$54,000,000 1.5% convertible bonds due 2014;
- (j) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Best China Enterprises Ltd. as subscriber in respect of the issue by the Company of HK\$45,000,000 1.5% convertible bonds due 2014;
- (k) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and China Logistics Holdings Group Co., Limited as subscriber in respect of the issue by the Company of HK\$45,000,000 1.5% convertible bonds due 2014;
- (l) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Perfect Ace Investments Limited as subscriber in respect of the issue by the Company of HK\$45,000,000 1.5% convertible bonds due 2014;
- (m) the subscription agreement dated 3 March 2011 entered into between the Company as issuer and Newcorp Management Limited as subscriber in respect of the issue by the Company of HK\$22,500,000 1.5% convertible bonds due 2014;

- (n) the sale and purchase of equipment agreement dated 5 May 2011 entered into between Remarkable Mask Technology Company Limited as vendor and Hitech Property Limited (“**Hitech**”), a wholly-owned subsidiary of the Company, as purchaser (as amended by a supplemental agreement dated 25 May 2011) in respect of the purchase of certain equipment at a consideration of HK\$28,000,000;
- (o) the agreement for sale and purchase of facilities and equipment dated 21 June 2011 entered into between Hitech and Jean-Marie Pharmacal Company Limited (“**Jean-Marie**”) in respect of the sale and purchase of facilities and equipment by Hitech to Jean-Marie at a consideration of HK\$28,880,000;
- (p) the share transfer agreement dated 5 July 2011 entered into between 深圳市泰格信息科技開發有限公司 (Shenzhen Tiger Information Technology Development Co., Ltd.), a wholly-owned subsidiary of the Company, as vendor, and 俞彬 as purchaser in respect of the sale and purchase of 6,000,000 shares, representing 10% interest in 浙江譜平科技股份有限公司, at a consideration of RMB5,000,000;
- (q) the assignment of lease dated 22 July 2011 entered into between Hitech as assignor and Jean-Marie as assignee in respect of the assignment of lease of a property located at Subsection 7 of Section D of Tai Po Town Lot No. 1 and the extension thereto together with the factory and other erections and buildings thereon at a consideration of HK\$55,000,000;
- (r) the share transfer agreement dated 1 September 2011 entered into between Sinostride Technology Co., Ltd., a subsidiary of the Company, as vendor, and 杭州醫惠科技有限公司 as purchaser in respect of the sale and purchase of 10% of the registered capital of 杭州國家軟件產業基地有限公司 at a consideration of RMB2,200,000;
- (s) the agreement dated 12 December 2011 entered into amongst SCT Electronics Limited and Santai Corporate Services Limited (“**SCS**”), wholly-owned subsidiaries of the Company, collectively as vendors, the Company as guarantor, and China Glory Management Limited as purchaser in respect of the sale and purchase of 2 shares of HK\$1 each, representing the entire issued share capital of Santai Electronics Limited, at a consideration of RMB43,000,000;
- (t) the agreement dated 12 December 2011 entered into amongst SCS as vendor, the Company as guarantor, and Winteractive Development Limited as purchaser in respect of the sale and purchase of 1 share of US\$1 each, representing the entire issued share capital of Aberdeen Investments Limited, at a consideration of RMB10,000,000;
- (u) the Disposal Agreement; and
- (v) the Supplemental Agreement.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. EXPERT AND CONSENT

Name	Qualification
Ascenda Cachet CPA Limited (“ Ascenda ”)	Certified Public Accountants

Ascenda has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Ascenda was not interested in any Share or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Ascenda did not have any direct or indirect interest in any asset which had been, since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekdays, except public holidays and any weekday on which Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m., from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2010 and 31 December 2011;
- (c) the report from Ascenda on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (d) the service contracts of the Directors referred to under the section headed “Directors’ service contracts” in this appendix;
- (e) the written consent referred to under the section headed “Expert and Consent” in this appendix;

- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (g) this circular.

9. GENERAL

- (a) The company secretary of the Company is Ms. Cheng Man Ching, a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and an associate member of the Hong Kong Institute of Bankers. She holds a master degree in business administration and a master degree in arts.
- (b) The registered office of the Company is Unit 2102, 21st Floor, Tower II, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.
- (c) The share registrars of the Company is Tricor Tengis Limited located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shougang Concord Technology Holdings Limited (the “**Company**”) will be held at 11:35 a.m. on Friday, 25 May 2012 at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the disposal agreement dated 23 December 2011 (the “**Disposal Agreement**”) as revised by the supplemental agreement dated 29 February 2012, (the “**Supplemental Agreement**”) entered into between the Company and Hong Kong Guang Hua Resources Investments Company Limited (the “**Purchaser**”), pursuant to which the Company has agreed to sell the entire issued share capital of South China Digital TV Holdings Limited, a wholly-owned subsidiary of the Company, to the Purchaser for a consideration of HK\$1,420 million, a copy of each of the Disposal Agreement and the Supplemental Agreement is tabled at the meeting and marked “**A**” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated under the Disposal Agreement as revised by the Supplemental Agreement, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Disposal Agreement as revised by the Supplemental Agreement.”

By Order of the Board
Shougang Concord Technology Holdings Limited
Li Shaofeng
Chairman

Hong Kong, 27 April 2012

NOTICE OF THE EGM

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrars of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.