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首長四方（集團）有限公司*
SHOUGANG CONCORD GRAND (GROUP) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Shougang Concord Grand (Group) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 with comparative figures for the year ended 31 December 2013. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	3	53,991	55,888
Cost of sales		(29,116)	(37,315)
Gross profit		24,875	18,573
Other income	5	8,139	6,627
Distribution costs and selling expenses		(872)	(742)
Administrative expenses		(35,538)	(33,294)
Increase in fair value of investment properties		2,400	3,600
Changes in fair value of held-for-trading investments		635	561
Finance costs	6	(370)	(345)
Share of results of an associate		12,994	13,720
Profit before tax		12,263	8,700
Income tax expense	7	(2,141)	(2,173)
Profit for the year	8	10,122	6,527

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other comprehensive (expense) income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation		(6,731)	6,313
Share of translation difference of an associate		(8,002)	7,738
Gain on revaluation upon transfer from property, plant and equipment to investment properties	<i>10</i>	12,830	–
Deferred tax upon transfer from property, plant and equipment to investment properties		(5,438)	–
		(7,341)	14,051
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of investment revaluation reserve of an associate		10,597	–
		3,256	14,051
Total comprehensive income for the year		13,378	20,578
Profit (loss) for the year attributable to:			
Owners of the Company		10,165	6,550
Non-controlling interests		(43)	(23)
		10,122	6,527
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		13,439	20,582
Non-controlling interests		(61)	(4)
		13,378	20,578
Earnings per share			
Basic	<i>9</i>	HK0.88 cents	HK0.57 cents
Diluted		HK0.88 cents	HK0.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	19,398	30,772
Investment properties	<i>11</i>	116,150	92,000
Goodwill	<i>12</i>	52,935	52,935
Interests in associates	<i>13</i>	315,059	299,470
Finance lease receivables	<i>14</i>	250,514	251,143
Restricted bank deposits		21,302	25,879
Available-for-sale investments	<i>18</i>	5,251	5,386
Deferred tax assets		233	466
		<hr/> 780,842 <hr/>	<hr/> 758,051 <hr/>
Current assets			
Inventories	<i>15</i>	4,325	3,896
Amount due from an associate		388	388
Finance lease receivables	<i>14</i>	273,162	254,638
Trade receivables	<i>16</i>	36	17
Prepayments, deposits and other receivables		7,708	5,603
Held-for-trading investments	<i>17</i>	11,036	16,443
Restricted bank deposits		8,930	–
Structured deposits	<i>19</i>	–	25,641
Bank balances and cash		292,107	289,273
		<hr/> 597,692 <hr/>	<hr/> 595,899 <hr/>
Current liabilities			
Other payables and accruals		25,008	17,989
Income received in advance		3,247	3,658
Rental and management fee received in advance and other deposits received		940	647
Tax liabilities		12,118	12,500
Secured bank borrowings – due within one year	<i>20</i>	232,391	197,977
Security deposits received – due within one year		9,989	3,190
		<hr/> 283,693 <hr/>	<hr/> 235,961 <hr/>
Net current assets		<hr/> 313,999 <hr/>	<hr/> 359,938 <hr/>
Total assets less current liabilities		<hr/> 1,094,841 <hr/>	<hr/> 1,117,989 <hr/>

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Capital and reserves			
Share capital	21	11,522	11,522
Retained earnings		656,468	646,087
Other reserves		211,487	208,429
		<hr/>	<hr/>
Equity attributable to owners of the Company		879,477	866,038
Non-controlling interests		696	757
		<hr/>	<hr/>
Total equity		880,173	866,795
		<hr/>	<hr/>
Non-current liabilities			
Income received in advance		2,361	4,051
Secured bank borrowings – due after one year	20	182,345	222,122
Security deposits received – due after one year		24,524	25,021
Deferred tax liabilities		5,438	–
		<hr/>	<hr/>
		214,668	251,194
		<hr/>	<hr/>
Total equity and liabilities		1,094,841	1,117,989
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company										
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Contributed surplus reserve	Translation reserve	Share options reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	11,522	1,007	-	-	115,576	49,517	28,504	639,330	845,456	761	846,217
Exchange differences on translation	-	-	-	-	-	6,294	-	-	6,294	19	6,313
Share of translation difference of an associate	-	-	-	-	-	7,738	-	-	7,738	-	7,738
Profit (loss) for the year	-	-	-	-	-	-	-	6,550	6,550	(23)	6,527
Total comprehensive income (expense) for the year	-	-	-	-	-	14,032	-	6,550	20,582	(4)	20,578
Lapse of share options	-	-	-	-	-	-	(207)	207	-	-	-
At 31 December 2013	11,522	1,007	-	-	115,576	63,549	28,297	646,087	866,038	757	866,795
Exchange differences on translation	-	-	-	-	-	(6,713)	-	-	(6,713)	(18)	(6,731)
Share of translation difference of an associate	-	-	-	-	-	(8,002)	-	-	(8,002)	-	(8,002)
Gain on revaluation upon transfer from property, plant and equipment to investment properties	-	-	12,830	-	-	-	-	-	12,830	-	12,830
Deferred tax upon transfer from property, plant and equipment to investment properties	-	-	(5,438)	-	-	-	-	-	(5,438)	-	(5,438)
Share of investment revaluation reserve of an associate	-	-	-	10,597	-	-	-	-	10,597	-	10,597
Profit (loss) for the year	-	-	-	-	-	-	-	10,165	10,165	(43)	10,122
Total comprehensive income (expense) for the year	-	-	7,392	10,597	-	(14,715)	-	10,165	13,439	(61)	13,378
Lapse of share options	-	-	-	-	-	-	(216)	216	-	-	-
At 31 December 2014	11,522	1,007	7,392	10,597	115,576	48,834	28,081	656,468	879,477	696	880,173

Notes:

- (a) The contributed surplus reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1991 over the nominal value of the Company's shares issued in exchange, and the transfer and utilisation as mentioned in Note (b) below.
- (b) A special resolution was passed by shareholders of the Company at the special general meeting of the Company held on 6 June 2008 and completed thereafter that an amount of approximately HK\$425,259,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be reduced, with the credit arising there being transferred to the contributed surplus reserve of the Company. Upon the said transfer becoming effective, an amount of approximately HK\$311,818,000 standing to the credit of the contributed surplus reserve of the Company has been applied to eliminate the accumulated losses of the Company as at 31 December 2007. The Company has complied with the requirements of section 46(2) of The Companies Act 1981 of Bermuda (as amended). Details of which were set out in the circular of the Company dated 9 May 2008.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Profit before tax	12,263	8,700
Adjustments for:		
Depreciation of property, plant and equipment	1,435	1,537
Interest expenses (included in finance costs and cost of sales)	24,362	32,250
Share of results of an associate	(12,994)	(13,720)
Increase in fair value of investment properties	(2,400)	(3,600)
Changes in fair value of held-for-trading investments	(635)	561
Interest income from bank deposits	(5,374)	(4,462)
Dividend income from held-for-trading investments	(611)	(967)
Reversal of impairment loss on finance lease receivables	–	(198)
Gain on disposal of property, plant and equipment	(149)	–
Loss on written off of property, plant and equipment	7	–
	<hr/>	<hr/>
Operating cash flows before movements in working capital	15,904	20,101
(Increase) decrease in inventories	(526)	51
Increase in finance lease receivables	(66,696)	(30,803)
Increase in trade receivables	(19)	(17)
(Increase) decrease in prepayments, deposits and other receivables	(2,153)	919
Decrease in held-for-trading investments	6,004	23,554
Increase in other payables and accruals	7,317	4,232
Decrease in income received in advance	(1,913)	(986)
Increase in rental and management fee received in advance and other deposits received	293	159
Increase (decrease) in security deposits received	7,008	(3,124)
	<hr/>	<hr/>
Cash (used in) generated from operations	(34,781)	14,086
Dividend received from held-for-trading investments	611	381
Income tax paid	(1,984)	(2,282)
Interest received	36,156	41,068
Interest paid	(24,362)	(32,250)
	<hr/>	<hr/>
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(24,360)	21,003

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
INVESTING ACTIVITIES		
Purchase of structured deposits	(25,000)	(25,316)
Proceeds from redemption of structured deposits	50,000	12,658
Purchases of property, plant and equipment	(154)	(244)
Withdrawal of restricted bank deposits	–	18,095
Placement of restricted bank deposits	(5,000)	(11,184)
Interest received	5,374	4,462
Proceeds from disposal of property, plant and equipment	286	–
	<hr/>	<hr/>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	25,506	(1,529)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Repayment of bank loans	(181,779)	(256,974)
New bank loans raised	186,250	206,958
	<hr/>	<hr/>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,471	(50,016)
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,617	(30,542)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	289,273	316,267
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2,783)	3,548
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	292,107	289,273
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NOTES

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs and new interpretation issued by the Hong Kong Institute of Certified Public Accountants:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the above amendments to HKFRSs and the new interpretation in the current year has had no material impact on the amounts reported and/or disclosures set out in the Group’s consolidated financial statements.

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

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 July 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company (“Directors”) anticipate that the application of HKFRS 9 in the future may affect amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may affect the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors anticipate that the applicable of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows expected to arise from the settlement of the finance lease receivables and fair value of the pledged assets less cost to sell. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less cost to sell. Where the actual future cash flows or the net selling price of the pledged assets are less than expected, a material impairment loss may arise.

During the year ended 31 December 2014, no impairment loss has been recognised for finance lease receivables (2013: Nil). As at 31 December 2014, the carrying amount of finance lease receivables is HK\$523,676,000 (2013: HK\$505,781,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is approximately HK\$52,935,000, net of accumulated impairment loss of HK\$201,854,000 (2013: HK\$52,935,000, net of accumulated impairment loss of HK\$201,854,000).

Estimated impairment of interests in associates

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of the recoverable amount of the associate which is the higher of value in use and fair value less costs to sell. The Group has carried out impairment testing to determine whether the Group's interest in an associate, Global Digital Creations Holdings Limited ("GDC"), is impaired as indicated by the decline in the quoted market price of the shares of GDC. The fair value less costs to sell is determined based on the quoted market price of the shares of the associate as management of the Group considers that the costs of disposal are insignificant. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associate and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2014, the carrying amount of interests in associates is approximately HK\$315,059,000, net of accumulated impairment loss of HK\$96,994,000 (2013: HK\$299,470,000, net of accumulated impairment loss of approximately HK\$96,994,000). Details of the recoverable amount calculation are disclosed in Note 13.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management establishes the appropriate valuation techniques and inputs for fair value measurement.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 11 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Finance lease income		
Interest income	36,156	41,068
Handling fee	3,702	5,005
Consultancy fee income	5,060	–
Property leasing income	3,697	3,154
Sale of goods	5,376	6,661
	53,991	55,888

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”), being the Managing Director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided, which is also the basis of organisation of the Group, is set out below.

The Group is currently organised into three operating divisions – finance leasing, property leasing and building management services and assets management where assets management segment is engaged in investment holding and trading of goods.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segment.

For the year ended 31 December 2014

	Finance leasing <i>HK\$'000</i>	Property leasing and building management services <i>HK\$'000</i>	Assets management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>44,918</u>	<u>3,697</u>	<u>5,376</u>	<u>53,991</u>
Segment result	<u>15,301</u>	<u>4,866</u>	<u>(306)</u>	19,861
Other income				3,474
Central administration costs				(24,331)
Changes in fair value of held-for-trading investments				635
Finance costs				(370)
Share of results of an associate				<u>12,994</u>
Profit before tax				<u>12,263</u>

For the year ended 31 December 2013

	Finance leasing <i>HK\$'000</i>	Property leasing and building management services <i>HK\$'000</i>	Assets management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>46,073</u>	<u>3,154</u>	<u>6,661</u>	<u>55,888</u>
Segment result	<u>9,088</u>	<u>6,032</u>	<u>(71)</u>	15,049
Other income				3,446
Central administration costs				(23,731)
Changes in fair value of held-for-trading investments				561
Finance costs				(345)
Share of results of an associate				<u>13,720</u>
Profit before tax				<u>8,700</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of central administration costs including Directors' salaries, share of results of an associate, certain other income, finance costs and changes in fair value of held-for-trading investments. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment assets		
Finance leasing	665,687	720,900
Property leasing and building management services	108,009	93,220
Assets management	39,141	13,478
	<hr/>	<hr/>
Total segment assets	812,837	827,598
Interests in associates	315,059	299,470
Held-for-trading investments	11,036	16,443
Structured deposits	–	25,641
Other unallocated assets	239,602	184,798
	<hr/>	<hr/>
Consolidated assets	1,378,534	1,353,950
	<hr/> <hr/>	<hr/> <hr/>
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment liabilities		
Finance leasing	453,850	440,825
Property leasing and building management services	907	919
Assets management	701	213
	<hr/>	<hr/>
Total segment liabilities	455,458	441,957
Tax liabilities	12,118	12,500
Unallocated secured bank borrowings	24,149	26,721
Other unallocated liabilities	6,636	5,977
	<hr/>	<hr/>
Consolidated liabilities	498,361	487,155
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to reportable segments other than interests in associates, held-for-trading investments, structured deposits and other unallocated corporate assets (including primarily unallocated property, plant and equipment, bank balances and cash and prepayments).
- all liabilities are allocated to reportable segments other than current tax liabilities, unallocated secured bank borrowings not for finance leasing and other unallocated liabilities.

Geographical information

The Group operates in two principal geographical areas – Mainland China (for the purpose of this announcement, “Mainland China” refers to the mainland of PRC and does not include Hong Kong, Macau and Taiwan) and Hong Kong.

The Group’s revenue from external customers by location of the relevant subsidiary’s operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Mainland China	50,294	52,734	93,884	83,290
Hong Kong	3,697	3,154	94,599	92,417
	53,991	55,888	188,483	175,707

Note: Non-current assets excluded available-for-sale investments, interests in associates, other financial instruments and deferred tax assets.

Information about major customers

Revenue from one customers contributing over 10% of the total revenue of the Group under reportable segment of finance leasing are as follows:

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Customer A	5,939	6,805
Customer B	N/A ¹	5,628
Customer C	N/A ¹	5,883

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Interest income from bank deposits	5,374	4,462
Write off on interest payables	1,751	–
Gain on disposal of property, plant and equipment	149	–
Dividend income from held-for-trading investments	611	967
Interest penalty received on overdue finance lease receivables	6	842
Government grant	143	336
Others	105	20
	8,139	6,627

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	24,362	32,250
Less: Interest on bank borrowings wholly repayable within five years included in cost of sales	<u>(23,992)</u>	<u>(31,905)</u>
	<u>370</u>	<u>345</u>

Included in cost of sales is interest on bank borrowings wholly repayable within five years amounting to HK\$23,992,000 (2013: HK\$31,905,000) under the finance leasing segment.

7. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong	151	184
PRC Enterprise Income Tax ("EIT")	<u>4,098</u>	<u>2,180</u>
	<u>4,249</u>	<u>2,364</u>
Overprovision in prior years:		
PRC EIT	<u>(2,341)</u>	<u>–</u>
Deferred taxation:		
Current year	<u>233</u>	<u>(191)</u>
	<u>2,141</u>	<u>2,173</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in Mainland China was 25% (2013: 25%).

The income tax expense for the year can be reconciled to the profit before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax	<u>12,263</u>	<u>8,700</u>
Tax calculated at PRC EIT rate of 25%	3,066	2,175
Tax effect on share of results of an associate	(3,249)	(3,430)
Tax effect of expenses not deductible for tax purposes	115	692
Tax effect of income not taxable for tax purposes	(853)	(1,790)
Tax effect of tax losses not recognised	5,666	4,712
Effect of different tax rates of subsidiaries operating in other jurisdiction	(350)	(218)
Overprovision in prior years	(2,341)	–
Others	<u>87</u>	<u>32</u>
Income tax expense for the year	<u>2,141</u>	<u>2,173</u>

8. PROFIT FOR THE YEAR

	2014 HK\$'000	2013 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including Directors' and chief executive's remuneration:		
– Salaries, wages and other benefits	18,382	17,659
– Retirement benefit scheme contributions	867	533
Total staff costs	19,249	18,192
Auditor's remuneration	1,304	1,166
Depreciation of property, plant and equipment	1,435	1,537
Loss on written off of property, plant and equipment	7	–
Exchange (gain) loss, net	(36)	131
Gross rent from investment properties	(3,697)	(3,154)
Less: direct operating expenses from investment properties that generated rental income during the year	305	286
	(3,392)	(2,868)

9. EARNINGS PER SHARE

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

	2014 HK\$'000	2013 HK\$'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	10,165	6,550
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,152,192	1,152,192
Effect of dilutive potential ordinary shares:		
Share options	–	1,270
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,152,192	1,153,462

The calculation of diluted earnings per share for the year ended 31 December 2014 does not include the potential ordinary shares arising from all the Company's share options (2013: certain share options) because the exercise prices of these share options were higher than the average market price of the shares of the Company for the year.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i> <i>(Note)</i>	Leasehold improvements <i>HK\$'000</i>	Other fixed assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 January 2013	33,482	1,751	7,438	42,671
Exchange realignment	816	1	73	890
Additions	–	211	33	244
At 31 December 2013	34,298	1,963	7,544	43,805
Exchange realignment	(816)	(1)	(74)	(891)
Additions	–	71	83	154
Transferred to investment properties	(10,955)	–	–	(10,955)
Disposals	–	–	(813)	(813)
Written off	–	(8)	(236)	(244)
At 31 December 2014	22,527	2,025	6,504	31,056
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2013	3,903	1,603	5,870	11,376
Exchange realignment	69	1	50	120
Provided for the year	779	141	617	1,537
At 31 December 2013	4,751	1,745	6,537	13,033
Exchange realignment	(82)	(1)	(54)	(137)
Provided for the year	753	165	517	1,435
Transferred to investment properties	(1,760)	–	–	(1,760)
Eliminated on disposals	–	–	(676)	(676)
Eliminated on written off	–	(1)	(236)	(237)
At 31 December 2014	3,662	1,908	6,088	11,658
CARRYING VALUES				
At 31 December 2014	<u>18,865</u>	<u>117</u>	<u>416</u>	<u>19,398</u>
At 31 December 2013	<u>29,547</u>	<u>218</u>	<u>1,007</u>	<u>30,772</u>

Note: In the opinion of the Directors, the lease payments cannot be allocated reliably between the land and building elements. Thus entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

The above items of property, plant and equipment are depreciated on a straight-line method at the following rates per annum:

Leasehold land and buildings	Over the shorter of term of the lease of the land or 50 years
Leasehold improvements	Over the shorter of term of the lease or 5 years
Other fixed assets	10% – 30%

Leasehold land and buildings with carrying value of HK\$9,195,000 were transferred to investment properties as they were rented out to independent third parties to earn rental income during the year. The fair value of these leasehold land and buildings at the date of transfer was HK\$22,025,000, resulting in recognition of surplus on revaluation of HK\$12,830,000 in other comprehensive income and accumulated in property revaluation reserve.

The fair value of the leasehold land and buildings at date of transfer has been determined using market comparable approach by AA Property Services Limited, an independent qualified professional valuer not connected with the Group.

The carrying value of leasehold land and buildings shown above companies properties situated on land in Mainland China under medium-term lease.

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 January 2013	88,400
Net increase in fair value recognised in profit or loss	3,600
At 31 December 2013 and 1 January 2014	92,000
Net increase in fair value recognised in profit or loss	2,400
Transfer from property, plant and equipment (<i>Note 10</i>)	22,025
Exchange realignment	(275)
At 31 December 2014	116,150

All of the Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. AA Property Services Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Market comparable approach has been adopted for valuing the Group's residential property units. One of the key inputs used in valuing the Group's residential property units was the price per square foot, which ranged from HK\$10,053 to HK\$17,540 per square foot (2013: HK\$9,100 to HK\$18,000 per square foot). An increase in the price per square foot used would result in an increase in fair value measurement of the residential property units, and vice versa.

Market comparable approach has been adopted for valuing the Group's commercial property units. One of the key inputs used in valuing the Group's commercial property units was the price per square foot, which is HK\$3,782 per square foot (2013: nil). An increase in the price per square foot used would result in an increase in fair value measurement of the commercial property units, and vice versa.

Income capitalisation method has been adopted for valuing the Group's industrial property units. Key inputs used in valuing the Group's industrial property units were the monthly market rent per square foot which is HK\$45 (2013: HK\$45) and the discount rate of 12% (2013: 13%) used. Market rent per square foot is extrapolated using zero growth rate. An increase in the market rent per square foot or discount rate used would result in an increase or decrease in fair value measurement of the industrial property units, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2013 and 2014 are as follows:

	Level 3 HK\$'000	Fair value at 2014 HK\$'000
Residential and industrial property units located in Hong Kong	94,400	94,400
Commercial property units located in PRC	21,750	21,750
	92,000	92,000
	Level 3 HK\$'000	Fair value at 2013 HK\$'000
Residential and industrial property units located in Hong Kong	92,000	92,000

There were no transfers out of Level 3 during the year. Commercial property units with fair value of HK\$21,750,000 were transferred from property, plant and equipment to investment properties during the year.

At 31 December 2014, all of the Group's investment properties are located in Hong Kong and the PRC and are held under long leases with the lease terms of 36 to 119 years (2013: 46 to 120 years).

The carrying amounts of investment properties shown above comprise:

	2014 HK\$'000	2013 HK\$'000
Land in Hong Kong		
Long lease	69,600	68,200
Medium-term lease	24,800	23,800
Land in PRC		
Medium-term lease	21,750	–
Total	116,150	92,000

All of the Group's investment properties located in Hong Kong have been pledged to banks to secure general banking facilities granted to the Group (Note 22).

12. GOODWILL

	<i>HK\$'000</i>
COST	
At 1 January 2013, 31 December 2013 and 2014	254,789
IMPAIRMENT	
At 1 January 2013, 31 December 2013 and 2014	201,854
CARRYING VALUE	
At 31 December 2013 and 2014	52,935

13. INTERESTS IN ASSOCIATES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost of investments in associates		
Listed in Hong Kong	186,613	186,613
Unlisted	–	–
Share of post-acquisition results	201,506	188,512
Share of post-acquisition translation reserve	13,337	21,339
Share of post-acquisition investment revaluation reserve	10,597	–
	412,053	396,464
Impairment loss	(96,994)	(96,994)
	315,059	299,470
Fair value of listed investments in Hong Kong	198,134	235,284
Carrying amount of interests in associates listed in Hong Kong	315,059	299,470

Details of the Group's principal associate at 31 December 2014 and 2013 are as follows:

Name of entity	Form of business structure	Place of incorporation/ establishment and operation	Proportion of nominal value of issued share capital held by the Group		Proportion of voting power held		Principal activities
			2014	2013	2014	2013	
GDC	Incorporated	Bermuda/ Hong Kong	40.78%	40.78%	40.78%	40.78%	Provision and distribution of cultural recreation content including Computer graphic ("CG") creation and production, CG training courses and investment in cultural park

The carrying amount of investments in GDC has been tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset.

The recoverable amount of the investment in GDC as at 31 December 2014 and 2013 has been determined based on the value in use calculations which were more than the corresponding carrying value. The Group did not recognise any impairment loss (2013: Nil) for the year ended 31 December 2014 in relation to the interests in GDC.

The recoverable amount of the investment in GDC as at 31 December 2014 has been determined based on the Group's share of the present value of the estimated future cash flows expected to be generated by GDC, including the cash flows from the operations of each of the business units consisting of the CG creation and production, CG training courses business, the investment in cultural park business and the property leasing business. The cash flow projections for the CG creation and production, CG training courses business and the property leasing business are based on financial budgets approved by management covering a 5-year period and a discount rate of 16.5% (2013: 17%) and a 3.5% (2013: 3.5%) growth rate after the 5-year period. Other key assumptions for the cash flow projections relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development.

The cash flow projections for the investment in cultural park business take into account the rental income of the property derived from the existing leases and the estimated future lease income capitalised at a market yield rate expected for similar type of property over the remaining period of the property leasing right.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

GDC

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current assets	<u>420,434</u>	<u>357,605</u>
Non-current assets	<u>859,472</u>	<u>948,116</u>
Current liabilities	<u>(161,347)</u>	<u>(175,237)</u>
Non-current liabilities	<u>(78,819)</u>	<u>(128,243)</u>
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	<u>204,404</u>	<u>160,720</u>
Profit for the year	<u>32,619</u>	<u>23,285</u>
Other comprehensive income for the year	<u>4,995</u>	<u>19,536</u>
Total comprehensive income for the year	<u>37,614</u>	<u>42,821</u>

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net assets of GDC	1,039,740	1,002,241
Net assets attributable to non-controlling interests of GDC	<u>(46,631)</u>	<u>(46,112)</u>
Net assets attributable to owners of GDC	993,109	956,129
Proportion of the Group's ownership interest in GDC	40.78%	40.78%
The Group's ownership interest in GDC	405,005	389,924
Impairment loss	(96,994)	(96,994)
Other adjustments	<u>7,048</u>	<u>6,540</u>
Carrying amount of the Group's interest in GDC	<u>315,059</u>	<u>299,470</u>

For the remaining associate that is not individually material, the Group did not share of its profit or loss in both years as it is inactive during both years.

14. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2014 HK\$'000 (Note)	2013 HK\$'000 (Note)	2014 HK\$'000	2013 HK\$'000
Finance lease receivables comprise:				
Within one year	253,473	278,732	218,707	246,277
In more than one year but not more than two years	135,873	178,179	119,036	163,477
In more than two years but not more than three years	81,830	68,461	72,728	63,818
In more than three years but not more than four years	38,895	25,116	35,000	23,848
In more than four years but not more than five years	24,405	–	23,750	–
	<u>534,476</u>	<u>550,488</u>	<u>469,221</u>	<u>497,420</u>
Overdue finance lease receivables	54,455	8,361	54,455	8,361
Less: Unearned finance lease income	(65,255)	(53,068)	N/A	N/A
Present value of minimum lease receipts	<u>523,676</u>	<u>505,781</u>	<u>523,676</u>	<u>505,781</u>
Analysed as:				
Current finance lease receivables (receivable within 12 months)			273,162	254,638
Non-current finance lease receivables (receivable after 12 months)			250,514	251,143
			<u>523,676</u>	<u>505,781</u>
			2014 HK\$'000	2013 HK\$'000
Fixed-rate finance lease receivables			151,112	1,805
Variable-rate finance lease receivables			372,564	503,976
			<u>523,676</u>	<u>505,781</u>

Note: The minimum lease receipts amounts as at 31 December 2014 and 2013 are presented using the prevailing PBC rate as at 31 December 2014 and 2013 respectively.

15. INVENTORIES

Inventories represent goods held for resale.

16. TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	36	17
Less: Allowance for doubtful debts	<u>–</u>	<u>–</u>
	<u>36</u>	<u>17</u>

The Group allows a credit period of 90 days to its trade customers.

The following is an aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 90 days	<u>36</u>	<u>17</u>

17. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2014 and 2013 represented debt securities and equity securities as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Listed equity securities:		
– in Hong Kong	4,766	4,713
– in Mainland China	2,246	1,506
Listed debt securities in Hong Kong	<u>4,024</u>	<u>10,224</u>
	<u>11,036</u>	<u>16,443</u>

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

18. AVAILABLE-FOR-SALE INVESTMENTS

The investments represent equity interests in private entities established in Mainland China and Hong Kong.

The investments are measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so variable that the Directors are of the opinion that their fair values cannot be measured reliably.

19. STRUCTURED DEPOSITS

The structured deposits as at 31 December 2013 consisted of deposits HK\$25,641,000 denominated in Renminbi and issued by banks in Mainland China. The structured deposits carries interest at expected interest rate of 3.3% to 4.2% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by the banks, payable on maturity where the maturity ranging from 90 to 91 days from the date of purchase. The structured deposits were designated at FVTPL on initial recognition as they contain non-closely related embedded derivative. The Directors considered the fair values of the structured deposits, which are measured by reference to the discounted cash flow approach approximate to their carrying values.

The structured deposits were redeemed in March 2014. The change in fair value up to the date of redemption was not significant.

No change in fair value for those deposits that have been matured is recognised for the years ended 31 December 2014 and 2013 as the effect is not significant.

20. SECURED BANK BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Secured variable-rate bank borrowings	414,736	420,099
Carrying amount repayable (<i>Note</i>):		
Within one year	138,242	171,256
More than one year, but not exceeding two years	80,516	141,678
More than two years, but not exceeding three years	49,329	58,972
More than three years, but not exceeding four years	30,000	21,472
More than four years, but not exceeding five years	22,500	–
	320,587	393,378
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	72,602	2,573
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	21,547	24,148
Less: Amounts due within one year shown under current liabilities	414,736 (232,391)	420,099 (197,977)
Amounts due after one year	182,345	222,122

Note: The amounts are based on scheduled repayment dates set out in the loan agreements.

21. SHARE CAPITAL

	2014 & 2013	
	Number of Shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January and 31 December	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January and 31 December	<u>1,152,192,469</u>	<u>11,522</u>

22. CHARGE ON ASSETS

As at 31 December 2014, the Group has the following charge on assets:

- (i) The Group's investment properties with an aggregate carrying value of approximately HK\$94,400,000 (2013: HK\$92,000,000) were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$24,149,000 (2013: HK\$26,721,000).
- (ii) The Group's finance lease receivables with a carrying value of approximately HK\$342,852,000 (2013: HK\$409,528,000) were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$320,587,000 (2013: HK\$393,378,000).
- (iii) There were bank deposits of approximately HK\$30,232,000 (2013: HK\$25,879,000) restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowing with outstanding amount of approximately HK\$235,490,000 (2013: HK\$207,582,000).

23. LITIGATION

On 5 August 2013, a writ of summons (the "Writ of Summons") was issued at the High Court of Hong Kong against GDC Holdings Limited (the "Defendant"), a wholly-owned subsidiary of GDC (an associate of the Company), for specific performance or damages in lieu in relation to an agreement entered into between the plaintiff, the Defendant and GDC on 6 September 2011 (the "Agreement"). The plaintiff alleged that one of the clauses in the Agreement required the Defendant to acquire certain amount of shares of GDC Technology Limited from the plaintiff subject to the occurrence of certain events. The Defendant filed a defence ("Defence") on 22 November 2013 denying the plaintiff's allegations and asserting various affirmative defences. The amount involved in the claim is US dollars 790,900.

The Defendant has reached an agreement with the plaintiff to settle the dispute out of court without compensation and the agreement to resolve the dispute was signed by the parties on 4 July 2014. On 11 July 2014, the High Court granted a consent order to dismiss the whole of the plaintiff's claim in this action.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Friday, 22 May 2015 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 19 May 2015 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The Group recorded profit of approximately HK\$10,165,000 for the year ended 31 December 2014 attributable to owners of the Company, represented an increase of approximately 55% when compared with that of profits approximately HK\$6,550,000 for the year ended 31 December 2013 attributable to owners of the Company. Increase in profits was mainly attributable to the business growth in finance leasing segment. Revenue of the Group for the year ended 31 December 2014 was approximately HK\$53,991,000 represented a decrease of approximately 3% when compared with that of approximately HK\$55,888,000 for the year of 2013. The decrease was mainly attributable to the decrease in income from the assets management and the finance lease segments. The Group returned a gross profit of approximately HK\$24,875,000 for the year ended 31 December 2014, representing a gross profit margin of approximately 46%, which is an increase when compared with the gross profit margin of approximately 33% for the year 2013. Basic earnings per share for the year ended 31 December 2014 was HK0.88 cents (2013: HK0.57 cents).

Revenue of the Group for the year ended 31 December 2014 was approximately HK\$53,991,000, represented a decrease of approximately 3% when compared with that of approximately HK\$55,888,000 for the year of 2013. The decrease was mainly attributable to the decrease in income from the assets management and the finance lease segments by approximately HK\$1,285,000 and HK\$1,155,000 respectively.

The Group made a gross profit of approximately HK\$24,875,000 for the year ended 31 December 2014, representing a gross profit margin of approximately 46%, which is an increase when comparing with the gross profit margin of 33% for the year 2013 which was mainly attributable to the increase in gross profit margin from the finance lease segment.

Other income for the year ended 31 December 2014 amounted to approximately HK\$8,139,000 (2013: HK\$6,627,000), representing an increase of approximately 23%. The increase was mainly due to the increase in interest income.

Administrative expenses for the year ended 31 December 2014 amounted to approximately HK\$35,538,000 (2013: HK\$33,294,000), representing an increase of approximately 7%. The increase was mainly due to the increase in professional service fees for the development of the finance leasing business and the increased staff costs.

For the year ended 31 December 2014, share of profits from an associate amounted to approximately HK\$12,994,000 (2013: HK\$13,720,000) and there is no impairment loss on interests in an associate during the year 2014 (2013: Nil).

Business Review and Outlook

Finance Leasing

During the year, revenue from the finance leasing segment decreased by 3% to approximately HK\$44,918,000 (2013: HK\$46,073,000), while the segment recorded a profit of approximately HK\$15,301,000 (2013: HK\$9,088,000). The decrease in revenue from the finance leasing segment was mainly attributed to the changes in market environment that resulted in the decrease in interest rates earned from new projects. The improved segmental results were mainly attributed to the higher gross profit contributed by self-financed new projects.

The Group adhered to a prudent risk management policy, with the finance leasing segment continuously carrying out rigorous and regular review of credit risk over all the existing and new finance leasing clients. The Group will continue to adopt a careful and prudent credit risk management strategy and endeavor to exercise its best efforts in the recovery of impaired receivables.

In response to the decline in real economy, fluctuated credit environment in Mainland China and intense competition in the industry, the finance leasing segment continued to strengthen internal risk management mechanism and promote business development in the context of effective risk control based on the characteristics of the economic development of various industries. At the same time, the finance leasing segment will continue to innovate the applicability of finance leasing and expand the domestic and foreign financing channels.

Property Investment and Management

During the year, revenue from the property leasing and building management services segment increased by 17% to approximately HK\$3,697,000 (2013: HK\$3,154,000), while the segment recorded a profit of approximately HK\$4,866,000 (2013: HK\$6,032,000). The increase in revenue from the property leasing and building management services segment was mainly attributed to the changes in market environment that resulted in the increase in rental income. During the year, the decrease in segment result was mainly attributable to the effect of the local property market having reached a relatively high level that resulted in the decrease in fair value gain of investment properties of the Group. The Group recorded an increase in fair value of investment properties of approximately HK\$2,400,000 during the year 2014 (2013: fair value increase of HK\$3,600,000).

Investment properties held by the Group are all leased out and expected to provide stable rental income as well as assets value appreciation return. Capturing market opportunities, the Group disposed of certain investment properties in the past few years so as to adjust the investment properties portfolio. The Group will continue to monitor market changes and seek investment opportunities together with carrying out appropriate maintenance projects to promote rental value.

Assets Management

During the year, the assets management segment recorded revenue of approximately HK\$5,376,000 (2013: HK\$6,661,000) while the segment recorded a loss of approximately HK\$306,000 (2013: loss of HK\$71,000). The assets management segment achieved stable business growth and generated stable income from its brand management service. The increase in loss was mainly attributable to the decrease in gross profit owing to the change in market environment.

Relying on the good business base and network built up in the past several years in Mainland China, the Group will pay close attention to the economic development in Mainland China by tracking industries with good growth potential, capturing opportunity to develop new projects, promoting positive interaction among projects and enriching the assets management business at the same time.

Corporate Strategy

The Group's corporate strategy is divided into two main components: business development and risks management infrastructure.

For business development, based on the continued optimisation and improvement on business procedures and management system to enrich business strength, the Group will devote more resources to existing prominent business sector – finance leasing for promoting business scale extension and specialization. Meanwhile, we will take full advantage of our cross boarder business network among overseas and Mainland China targeting to provide supporting financial services to enterprises and further explore innovative financial services products with an aim to boosting the development of the Group's core and new business and achieving maximized synergies.

For risks management infrastructure, prudent and effective risk management can help to explore long-term investment value and served as the cornerstone for the Group's sustainable growth. Focusing on business development while at the same time the Group will continue to strengthen its risk management infrastructure to reduce the chance of risk occurrence or the loss upon risk occurrence.

Liquidity, Financial Resources and Financing Activities

The Group aimed to maintain stable funding sources and financing is arranged to match business requirements and cash flows. The financial leverage of the Group as at 31 December 2014 as compared to 31 December 2013 is summarized below:

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Total borrowings		
Current borrowings	232,391	197,977
Non-current borrowings	182,345	222,122
sub-total	414,736	420,099
Total cash		
Bank balances and cash	292,107	289,273
Structured deposits	–	25,641
Restricted bank deposits	30,232	25,879
sub-total	322,339	340,793
Net borrowings	92,397	79,306
Total equity	880,173	866,795
Total assets	1,378,534	1,353,950
Financial leverage		
Net debt to total equity	10%	9%
Net debt to total assets	7%	6%
Current ratio	211%	253%

As at 31 December 2014, the Group had bank balances and cash of approximately HK\$292,107,000 (31 December 2013: HK\$289,273,000), no structured deposits (31 December 2013: HK\$25,641,000) and restricted bank deposits of approximately HK\$30,232,000 (31 December 2013: HK\$25,879,000) which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The decrease was mainly from net cash outflow from operating activities of approximately HK\$24,360,000 netting off with the net bank loans raised of approximately HK\$4,471,000.

As at 31 December 2014, the Group's borrowings amounted to approximately HK\$414,736,000, of which approximately HK\$232,391,000 were repayable within twelve months from 31 December 2014 and approximately HK\$182,345,000 were repayable after twelve months from 31 December 2014. During the year, the Group obtained new bank borrowings of approximately HK\$186,250,000 for the finance leasing business of the Group. All loans bore interest at market rates.

Capital Structure

The equity attributable to owners of the Company amounted to approximately HK\$879,477,000 as at 31 December 2014 (31 December 2013: HK\$866,038,000). The increase was mainly due to the profits for the year ended 31 December 2014 attributable to owners of the Company of approximately HK\$10,165,000, gain after deferred tax on revaluation upon transfer of certain properties from property, plant and equipment to investment properties of approximately HK\$7,392,000, share of investment revaluation reserve of an associate of approximately HK\$10,597,000 and netting off with exchange differences arising on translation of approximately HK\$14,715,000 in total during the year. The Company did not issue any new shares during the year under review. The issued share capital of the Company was HK\$11,522,000 (represented by 1,152 million ordinary shares).

Material Acquisition, Disposals and Significant Investment

The Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2014.

Charge on Assets

As at 31 December 2014, the Group has the following charge on assets:

- (i) The Group's investment properties with an aggregate carrying value of approximately HK\$94,400,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$24,149,000.
- (ii) The Group's finance lease receivables with a carrying value of approximately HK\$342,852,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$320,587,000.
- (iii) There were bank deposits of approximately HK\$30,232,000 restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowings with outstanding amount of approximately HK\$235,490,000.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2014, the Group has no significant foreign exchange exposure.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2014.

Employees

As at 31 December 2014, the Group employed 51 (31 December 2013: 49) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employees share option scheme are also available to employee of the Group. Remuneration packages are reviewed either annually or through special increment.

During the year ended 31 December 2014, the Company and its subsidiaries has not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2014.

Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2014 annual report.

APPRECIATION

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

By order of the Board
Shougang Concord Grand (Group) Limited
Li Shaofeng
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Luo Zhenyu (Managing Director), Mr. Wang Tian (Deputy Managing Director), Mr. Wang Qinghua (Deputy Managing Director), Mr. Yuan Wenxin (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Ms. Zhou Jianhong (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).

* For identification purpose only