SHOUGANG CONCORD GRAND (GROUP) LIMITED

Stock Code : 730

Annual Report 2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Li Shaofeng *(Chairman)*
Luo Zhenyu *(Managing Director)*
Wang Tian *(Deputy Managing Director)*
Wang Qinghua *(Deputy Managing Director)*
Yuan Wenxin *(Deputy Managing Director)*
Leung Shun Sang, Tony *(Non-executive Director)*
Tam King Ching, Kenny
(Independent Non-executive Director)
Zhou Jianhong
(Independent Non-executive Director)
Yip Kin Man, Raymond
(Independent Non-executive Director)

EXECUTIVE COMMITTEE
Li Shaofeng *(Chairman)*
Luo Zhenyu
Wang Tian
Wang Qinghua
Yuan Wenxin

AUDIT COMMITTEE
Tam King Ching, Kenny *(Chairman)*
Zhou Jianhong
Yip Kin Man, Raymond

NOMINATION COMMITTEE
Li Shaofeng *(Chairman)*
Leung Shun Sang, Tony
Tam King Ching, Kenny
Zhou Jianhong
Yip Kin Man, Raymond

REMUNERATION COMMITTEE
Tam King Ching, Kenny *(Chairman)*
Li Shaofeng
Leung Shun Sang, Tony
Zhou Jianhong
Yip Kin Man, Raymond

COMPANY SECRETARY
Cheng Man Ching

AUDITOR
Deloitte Touche Tohmatsu

PRINCIPAL REGISTRAR
Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG
Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

STOCK CODE
730

WEBSITE
www.shougang-grand.com.hk

DIRECTORS' BIOGRAPHIES

Mr. Li Shaofeng, aged 48, holds a bachelor degree in Automation from University of Science and Technology Beijing. Mr. Li was appointed an Executive Director and the Chairman of the Company in May 2010 and is the chairman of each of the Executive Committee and the Nomination Committee, and a member of the Remuneration Committee of the Company. He joined Shougang Corporation, the ultimate holding company of Shougang Holding (Hong Kong) Limited ("Shougang Holding"), in 1989 and is the vice chairman and managing director of Shougang Holding and a director of Wheeling Holdings Limited ("Wheeling"). Each of Shougang Holding and Wheeling is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr. Li is the managing director of Shougang Concord International Enterprises Company Limited ("Shougang International"), the chairman of each of Shougang Fushan Resources Group Limited ("Shougang Resources"), Global Digital Creations Holdings Limited ("GDC") and Shougang Concord Century Holdings Limited ("Shougang Century"), and an executive director of BeijingWest Industries International Limited ("BeijingWest International"). He is also a non-executive director of China Dynamics (Holdings) Limited (formerly named as Sinocop Resources (Holdings) Limited), a Hong Kong listed company. Mr. Li is a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange. He was an executive director and the chairman of Shougang Concord Technology Holdings Limited ("Shougang Technology") from May 2010 to March 2014, and a non-executive director and the chairman of Shougang Technology from March 2014 to December 2014. Mr. Li has extensive experience in management of, and investments in, listed companies, sino-foreign joint ventures and steel industry.

A service contract was entered into between Mr. Li and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2014. Under the service contract, Mr. Li is entitled to a monthly salary of HK$150,000 or such higher salary and discretionary bonus as may be determined by the board of directors of the Company (the "Board") from time to time. For the financial year ended 31 December 2014, Mr. Li's monthly salary is HK$150,000. Such salary was determined with reference to Mr. Li's experience and duties as well as the then prevailing market conditions. Since January 2013, Mr. Li has voluntarily waived his salary.

DIRECTORS' BIOGRAPHIES

Mr. Luo Zhenyu, aged 45, graduated from Tianjin University and Graduate School, the Chinese Academy of Social Sciences with a bachelor degree in technology and a doctor degree in economics, respectively. Mr. Luo was appointed an Executive Director and the Managing Director of the Company in May 2010 and is a member of the Executive Committee of the Company. He was a deputy managing director of Shougang International from January 2005 to May 2010. Mr. Luo has extensive experience in corporate investment.

A service contract was entered into between Mr. Luo and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2014. Under the service contract, Mr. Luo is entitled to a monthly salary of HK$180,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2014, Mr. Luo's monthly salary is HK$180,000. Such salary was determined with reference to Mr. Luo's experience and duties, as well as the then prevailing market conditions.

Mr. Wang Tian, aged 59, senior economist. He holds a PhD degree in economics. Mr. Wang was appointed an Executive Director of the Company in March 2004 and is currently the Deputy Managing Director of the Company and a member of the Executive Committee of the Company. He has extensive experience in the field of financial management. Mr. Wang had been awarded certificate and special allowance from the Government of the People's Republic of China as a commendation for his outstanding contribution in developing the financial business in Mainland China.

A service contract was entered into between Mr. Wang and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2014. Under the service contract, Mr. Wang is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2014, Mr. Wang's monthly salary is HK$120,000. Such salary was determined with reference to Mr. Wang's experience and duties, as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Wang Qinghua, aged 38, graduated from the department of international economics of the Renmin University of China, and obtained a master degree in economics from the University of International Business and Economics and a master degree in business administration from the Missouri State University, respectively. Mr. Wang was appointed an Executive Director and a Deputy Managing Director of the Company in September 2014 and a member of the Executive Committee of the Company. Mr. Wang joined China Shougang International Trade & Engineering Corporation, a fellow subsidiary of Shougang Holding in 2001. Shougang Holding is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Wang has engaged in contracting of overseas projects and export trading for years and extensive experience in marketing and market development as well as project management.

A service contract was entered into between Mr. Wang and a wholly-owned subsidiary of the Company for a term commencing on 1 September 2014 and ending on 31 December 2016. Under the service contract, Mr. Wang is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the period from 1 September 2014 (the date of appointment of Mr. Wang as an Executive Director of the Company) to 31 December 2014, Mr. Wang's monthly salary is HK$120,000. Such salary was determined with reference to Mr. Wang's experience and duties, as well as the then prevailing market conditions.

Mr. Yuan Wenxin, aged 45, holds a bachelor degree in law and a post-graduate diploma in finance from Hunan University Law School and an EMBA degree from China Europe International Business School (CEIBS). Mr. Yuan was appointed an Executive Director of the Company in August 2005 and is currently the Deputy Managing Director of the Company and a member of the Executive Committee of the Company. He was an assistant general manager of Shougang Holding and a director of Shougang Technology. Mr. Yuan has extensive experience in financial investment and corporate restructuring.

A service contract was entered into between Mr. Yuan and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2014. Under the service contract, Mr. Yuan is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2014, Mr. Yuan's monthly salary is HK$120,000. Such salary was determined with reference to Mr. Yuan's experience and duties, as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Leung Shun Sang, Tony, aged 72, holds a bachelor degree of commerce from The Chinese University of Hong Kong and a master degree in business administration from New York State University. Mr. Leung was appointed a Non-executive Director of the Company in July 1995 and is a member of each of the Nomination Committee and the Remuneration Committee of the Company. He is also a non-executive director of each of Shougang International, Shougang Resources, Shougang Century, Shougang Technology and GDC. Mr. Leung had worked in Citibank N.A. and W.I. Carr Sons & Co. (Overseas) in his early years and he was the managing director of CEF Group. He has over 40 years of experience in securities and banking business, investment, financial markets, corporate strategy and corporate management.

An engagement letter was entered into with Mr. Leung for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Leung is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2014, the director's fee of Mr. Leung is HK$190,000. For the financial year ending 31 December 2015, the director's fee of Mr. Leung will be HK$190,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Leung. Such director's fees were determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

Mr. Tam King Ching, Kenny, aged 65, holds a bachelor's degree in commerce from Concordia University, Canada. Mr. Tam was appointed an Independent Non-executive Director of the Company in February 1996 and is the chairman of each of the Audit Committee and the Remuneration Committee, as well as a member of the Nomination Committee of the Company. He is a practising Certified Public Accountant in Hong Kong. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Chartered Professional Accountants of Ontario, Canada (formerly named as the Institute of Chartered Accountants of Ontario, Canada). He is serving as a member of each of the Restructuring and Insolvency Faculty Executive Committee, the Small and Medium Practitioners Committee (formerly named as the Small and Medium Practitioners Leadership Panel) and the Insolvency SD Vetting Committee in the Hong Kong Institute of Certified Public Accountants. Mr. Tam is a Past President of The Society of Chinese Accountants and Auditors. He also serves as an independent non-executive director of certain listed companies on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely, BeijingWest International, CCT Fortis Holdings Limited, Kingmaker Footwear Holdings Limited, Starlite Holdings Limited, Van Shung Chong Holdings Limited and West China Cement Limited. Mr. Tam was an independent non-executive director of North Asia Strategic Holdings Limited from September 2004 to February 2013.

An engagement letter was entered into with Mr. Tam for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Tam is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2014, the director's fee of Mr. Tam is HK$240,000. For the financial year ending 31 December 2015, the director's fee of Mr. Tam will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Tam. Such director's fees were determined with reference to Mr. Tam's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Ms. Zhou Jianhong, aged 49, graduated from Peking University with a master degree in economic law. Ms. Zhou was appointed an Independent Non-executive Director of the Company in September 2004 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. Ms. Zhou was an independent non-executive director for Sinogreen Energy International Group Limited from August 2013 to November 2014. She is a practising solicitor in Hong Kong.

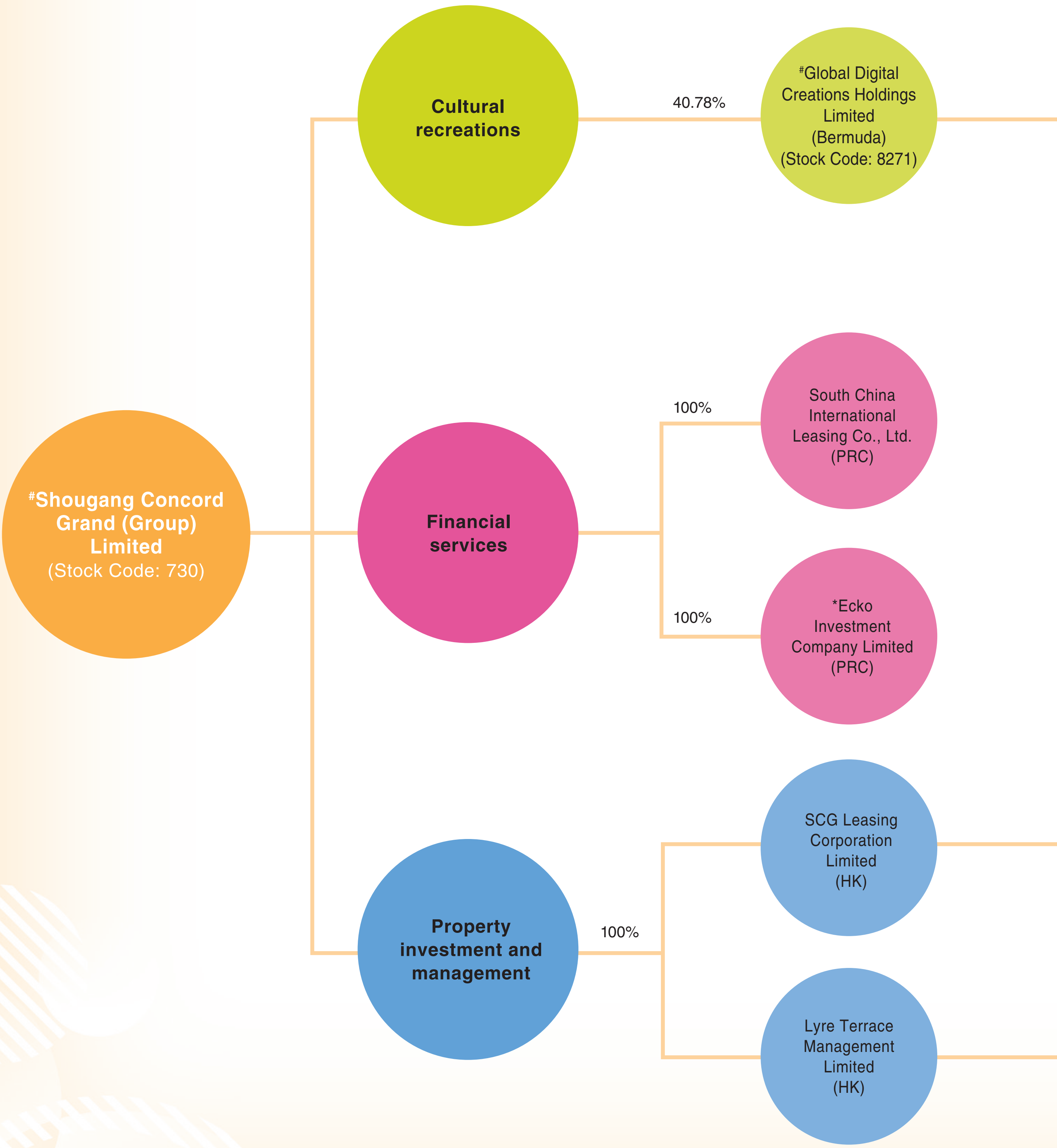
An engagement letter was entered into with Ms. Zhou for a term of three years commencing on 1 January 2014. Under the engagement letter, Ms. Zhou is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2014, the director's fee of Ms. Zhou is HK$240,000. For the financial year ending 31 December 2015, the director's fee of Ms. Zhou will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Ms. Zhou. Such director's fees were determined with reference to Ms. Zhou's experience and duties as well as the then prevailing market conditions.

Mr. Yip Kin Man, Raymond, aged 68, holds a bachelor's degree in arts with honors from the University of Hong Kong. Mr. Yip was appointed an Independent Non-executive Director of the Company in January 2007 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is also an independent non-executive director of each of Shougang Century and BeijingWest International. Mr. Yip is a practising solicitor, notary public and Attesting Officer appointed by the Ministry of Justice of the PRC. He has over 40 years of experience in legal profession.

An engagement letter was entered into with Mr. Yip for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Yip is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2014, the director's fee of Mr. Yip is HK$240,000. For the financial year ending 31 December 2015, the director's fee of Mr. Yip will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Yip. Such director's fees were determined with reference to Mr. Yip's experience and duties as well as the then prevailing market conditions.

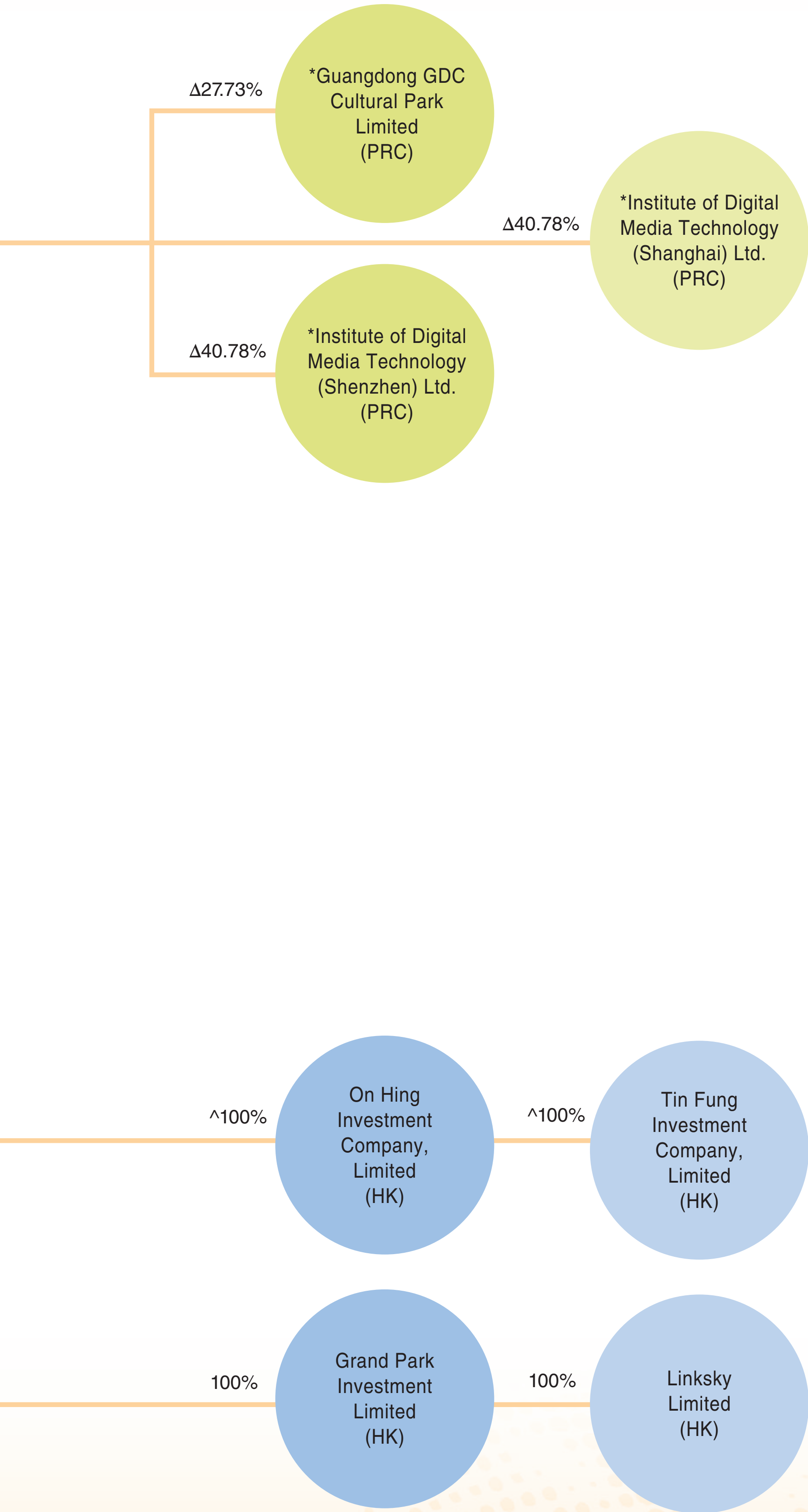
MAIN OPERATIONAL STRUCTURE

As at 31 December 2014



MAIN OPERATIONAL STRUCTURE

As at 31 December 2014

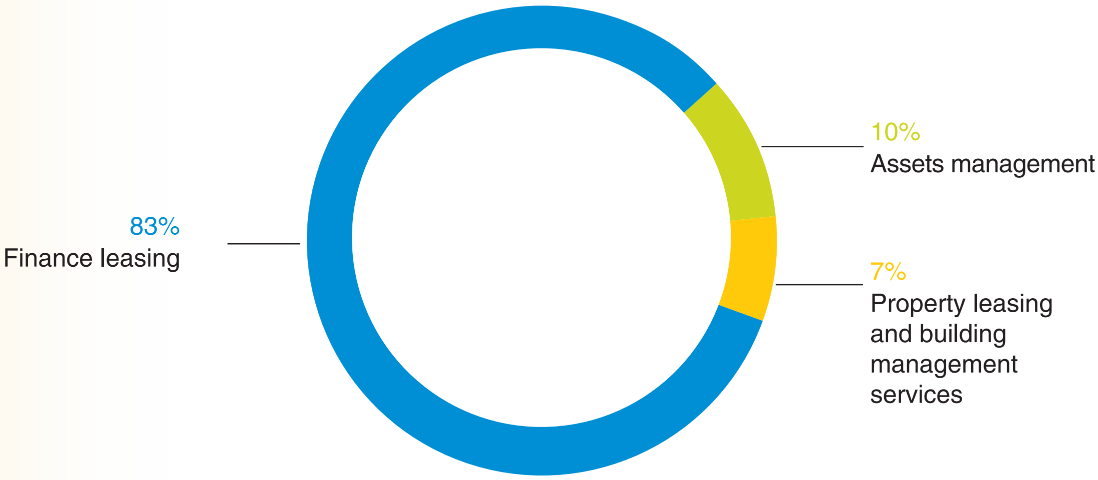


Notes:

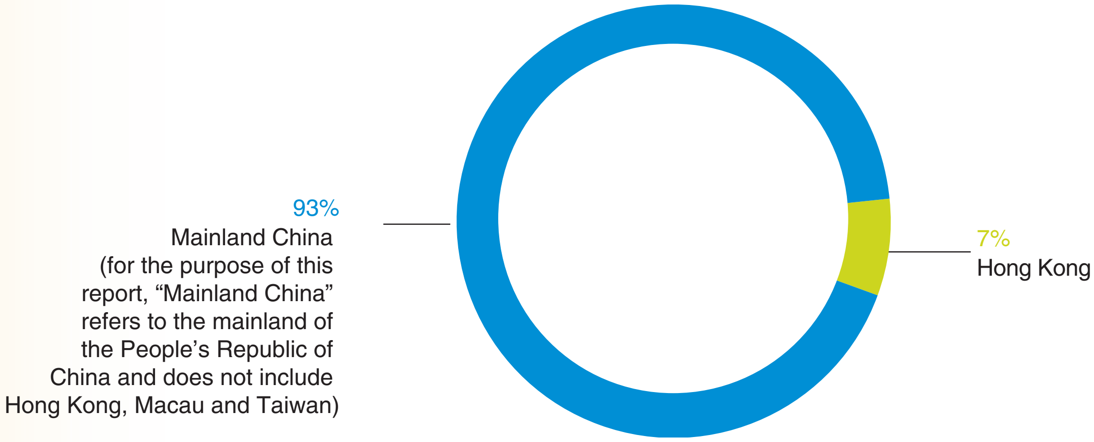
- \# Listed company
- * For identification purpose only
- Δ Attributable interest held by Shougang Concord Grand (Group) Limited
- ^ Interests only refer to voting shares

FINANCIAL HIGHLIGHTS

TURNOVER BY PRINCIPAL ACTIVITY FOR THE YEAR 2014



TURNOVER BY GEOGRAPHICAL LOCATION FOR THE YEAR 2014



CHAIRMAN'S STATEMENT

I am pleased to present that the Group recorded a profit attributable to shareholders of approximately HK$10,165,000 in 2014. Our shareholders' funds stood at HK$879,477,000 representing approximately HK$0.76 per share. 2014 was a year of steady growth for the Group.

In 2014, it was almost certain that there would be a slow recovery of the global economy, but the pace of recovery in different major economies was different. This resulted in diversification of monetary policies imposed by the same. By leveraging from quantitative easing continuously implemented in the past few years, the recovery of economy in US were stronger and began to exit from the quantitative easing this year gradually. The economy in Japan and European countries was recovering but the momentum continued to be sluggish. They are still adopting expansionary monetary policies in an extensive scale so as to stimulate the economy. Being affected by the slow economy recovery undergoing in the developed countries and the slowdown of foreign trade in emerging countries, the economy in emerging countries can only maintain a faster growth but the growth rate was markedly slowing down. Looking ahead to 2015, the global economy will still subject to different interactive effects under various economic and monetary policies with the global economy remaining full of complexity and uncertainty. It is expected that the growth of economy in Mainland China (for the purpose of this report, "Mainland China" refers to the mainland of the People's Republic of China and does not include Hong Kong, Macau and Taiwan) will continue to remain stable while proactive fiscal policy and stable monetary policy will be continued together with reform that can benefit the restructuring of economy will be facilitated. The Group will also continue to seek progress while ensuring stability for intensification of core value and grasping new business opportunity.

The Group always upholds a prudent philosophy of good governance, with emphasis on risk management, attends to maintain excellent assets quality, stability of financial resources, to establish a solid foundation for the Group's long-term development. At the same time, based on effective risk management, the Group has been proactively seeking for core business returns and exploring new business opportunities by deployment of development carefully. According to market demands, the Group will focus on the development of innovative financial services, through the integration of financial and industrial needs, providing supporting financial services to enterprises with an aim to enlarge the Group's financial service scale.

For finance leasing, faced with the downfall in the growth of real economy together with the change in finance composition and gradual loosening of credit conditions in the Mainland China have resulted in uncertainty for the leasing business in 2014, the management continued to carry out industry segmentation to target the unique needs of various industries in order to provide appropriate professional services and to balance the risks. In response to market changes, the management proactively adjusted development strategies so as to maintain stable growth in the leasing business for the Group. Looking to the future, the finance leasing division will continue to monitor credit risks cautiously. At the same time, the Group will use its endeavours in developing new business models that can cope with market opportunities and challenges. The means to operate and the levels of application of finance leasing will be enlarged so that the scope of services will be expanded and the efficiency of leasing service will be enhanced. The Group will also explore finance and credit overseas so as to ensure sustainable and healthy development of its businesses.

CHAIRMAN'S STATEMENT

For assets management, facing the multiple uncertainties such as inflation, liquidity and policy risks, market demand for assets management is significant. Facing a fluctuating market environment, market and investors proactively seeking assets capable to hedge against inflation and allocating different assets with an aim to lowering risk, this presents huge room for development for the Group. The Group will proactively manage assets portfolio to explore potential opportunities and perform rigorous credit review to explore long-term investment value. The Group will capture such market opportunities proactively to line up market investment demand and industrial development opportunity for broadening related business and business opportunities in order to harness the financial and market rewards.

For property management, grasping the strong rally of Hong Kong property market at the right time, the Group had disposed certain of its investment properties in Hong Kong (including residential, commercial and industrial units) in the past few years which realized capital gains into cash flow and provide rooms to optimize our investment property portfolio. The Group will continue to monitor the changes in the property market and will look for potential investment projects and investment opportunities.

Comparing with last year, share of profits from the Group's associated company, Global Digital Creations Holdings Limited ("GDC"), remained steady. The management expects GDC will continue to generate a rewarding return to the Group.

Looking into 2015, the global economy will continue to recover at a slow pace whilst the monetary policies are operating on the opposite way. Although the outlook remains uncertain and full of challenges, we are confident that we would be able to tackle the challenges going forward. The Group will proactively capture the huge development and investment opportunities arising from the domestic demand and infrastructure investments in the Mainland China by devoting more resources to develop innovative financial services products, optimizing the Group's financial services industry structure and implementing timely measures to fine tune our development strategies so as to allow the Group to grow in a sustainable way and continue to enhance value for the shareholders.

On behalf of the Board, I would like to extend my 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 directors, management and staff for their hard work and dedication throughout the year.

Li Shaofeng
Chairman

Hong Kong, 26 March 2015

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

BUSINESS REVIEW AND OUTLOOK (continued)

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.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

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 of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the financial year ended 31 December 2014.

BOARD OF DIRECTORS

Composition

The Board currently comprises a total of nine Directors, being five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Report of the Directors" of this annual report. In addition, an updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company respectively.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

The Directors give sufficient time and attention to the affairs of the Company and its subsidiaries (the "Group"). All Directors are required to disclose to the Company at the time of their appointment and annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Save for those as disclosed in the section headed "Directors' Biographies" as set out on pages 3 to 7 of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgement.

The Non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of Non-executive Directors include:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance and monitoring performance reporting.

BOARD OF DIRECTORS (continued)

Composition (continued)

The Non-executive Directors (including Independent Non-executive Directors) have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. They give the Board and the committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation.

Composition of the Board is disclosed, and the Independent Non-executive Directors are identified, in all corporate communications to shareholders.

Board diversity

The Company adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013 which sets out its approach to achieve diversity on the Board with a view to achieving a sustainable and balanced development of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board Diversity Policy is posted on the website of the Company.

Role and function of the Board and the management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the Executive Committee and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report.

BOARD OF DIRECTORS (continued)

Board meetings

The Board meets regularly and holds at least four Board meetings a year. Additional meetings will be arranged, if and when required. The Directors can attend meetings in person or through electronic means of communication in accordance with the bye-laws of the Company (the “Bye-laws”).

The Company Secretary assists the Chairman in drawing up the agenda of each Board meeting. Draft agenda of each regular Board meeting will be sent to all Directors for review before the agenda is issued and all Directors may request for inclusion of other matters in the agenda. The Chairman will take into account the matters proposed by the Directors and where appropriate, approve the inclusion of such matters in the agenda of the Board meeting. Generally, at least 14-day notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, to all Directors at least 3 days before the intended date of a Board meeting. Where queries are raised by Directors, prompt and full responses will be given if possible.

There has been procedure in place to enable Directors to seek independent professional advice in appropriate circumstances at the Company’s expenses. The Board shall resolve to, upon reasonable request, provide separate independent professional advice to Directors to assist them perform their duties to the Company.

The Company Secretary is responsible for taking minutes of Board meetings and Board committee meetings, draft and final versions of which would be sent to Directors for comments and records respectively, within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the Company Secretary and are open for inspection by any Director/committee member.

If a substantial shareholder or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, the matter will be dealt with by a physical Board meeting, rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at the Board meeting.

Except for those circumstances permitted by the Bye-laws and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates (or associates where the transaction or arrangement is a connected transaction under Chapter 14A of the Listing Rules) has a material interest nor shall he be counted in the quorum present at the meeting.

BOARD OF DIRECTORS (continued)

Attendance records

During the financial year ended 31 December 2014, the Directors have made active contribution to the affairs of the Group and four physical Board meetings were held to consider, among other things, various projects contemplated by the Group and to review and approve the interim results and annual results of the Group.

Details of the Directors' attendances in 2014 are as follows:

	Number of meeting(s) attended/eligible to attend
Executive Directors	
Li Shaofeng *(Chairman)*	4/4
Luo Zhenyu	4/4
Wang Tian	4/4
Wang Qinghua *(appointed with effect from 1 September 2014)*	2/2
Yuan Wenxin	4/4
Non-executive Director	
Leung Shun Sang, Tony	4/4
Independent Non-executive Directors	
Tam King Ching, Kenny	4/4
Zhou Jianhong	4/4
Yip Kin Man, Raymond	4/4

Access to information

The Board is supplied with sufficient explanation and information by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

BOARD OF DIRECTORS (continued)

Appointment and re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the Board Diversity Policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to the Bye-laws, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director, except for the Chairman and the Managing Director, is subject to retirement by rotation at least once every three years. In order to comply with applicable laws of Bermuda, the Bye-laws do not require the Chairman and the Managing Director to retire by rotation. However, they will voluntarily retire and offer themselves for re-election at least once every three years in order to comply with the second part of code provision A.4.2 of the CG Code.

All directors (including all Non-executive Directors) have entered into service contracts or letters of engagement with the Company for a term of not more than three years.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.10A of the Listing Rules, the number of Independent Non-executive Directors of the Company represents one-third of the Board.

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent.

Any re-election of an independent non-executive director who has served the board for more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. Tam King Ching, Kenny, who will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company, has served as an Independent Non-executive Director of the Company for more than nine years. As an Independent Non-executive Director with extensive experience and knowledge and in-depth understanding of the Company's operations and business, Mr. Tam has expressed objective views and given independent guidance to the Company over the past years, and he continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Tam would not affect his exercise of independent judgement and are satisfied that Mr. Tam has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director. The Company will state in a circular which will contain, among other things, the notice convening the forthcoming annual general meeting of the Company the reason why the Nomination Committee and the Board consider Mr. Tam is still independent and the recommendation to shareholders to vote in favor of the re-election of Mr. Tam as a Director.

BOARD OF DIRECTORS (continued)

Insurance for directors' and officers' liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

Directors' training and professional development

Every newly appointed Director will be given an introduction of regulatory requirements. Directors are continually updated on the latest development of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practice. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary facilitates induction and professional development of Directors and the Company is responsible for arranging and funding suitable training for the Directors.

All Directors have provided to the Company their records of training received during the financial year ended 31 December 2014, a summary of which is as follows:

	Continuous professional development	
Directors	**Type** *(Note I)*	**Subject** *(Note II)*
Li Shaofeng	A	1
	B	4
Luo Zhenyu	B	4
Wang Tian	B	4
Wang Qinghua	B	1, 4
Yuan Wenxin	B	4
Leung Shun Sang, Tony	B	4
Tam King Ching, Kenny	A	1, 2, 3
	B	4
Zhou Jianhong	A	1
	B	4
Yip Kin Man, Raymond	A	1
	B	4

Note I:
A: Attending seminars, conferences, forums, in-house briefings or in-house training
B: Reading newspapers, journals and updates

Note II:
1: Laws, rules and regulations
2: Finance, accounting or taxation
3: Management
4: Businesses relating to the Company

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate and exercised by different individuals to reinforce their independence and accountability. Mr. Li Shaofeng is the Chairman and Mr. Luo Zhenyu serves as the Managing Director of the Company. The Chairman provides leadership for the Board and ensures that the Board works effectively and performs its responsibilities. The Managing Director has overall chief executive responsibility for the Group's business development and day-to-day management generally. The division of responsibilities between the Chairman and the Managing Director is clearly established and set out in writing.

In performing the role of Chairman, Mr. Li Shaofeng's responsibilities include, amongst other things:

- taking primary responsibility for ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings, and ensuring that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interest of the Company;
- encouraging Directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect Board consensus;
- ensuring that appropriate steps are taken to provide effective communications with shareholders and that their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors.

During the year, the Chairman met with the Non-executive Directors (including Independent Non-executive Directors) without the presence of the Executive Directors.

BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

BOARD COMMITTEES (continued)

Executive Committee

An Executive Committee of the Board was established in September 2005 with specific written terms of reference which deal clearly with its authorities and duties.

The Executive Committee has been conferred with the general powers of the Board (except those matters specifically reserved for the Board) to manage and oversee the operations of the Group and has been assigned with the responsibilities to perform the corporate governance duties as follows:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- to conform to any requirement, direction, regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

The Executive Committee comprises all Executive Directors of the Company.

During the year, three physical meetings of the Executive Committee were held. Amongst those meetings, one meeting was held for the purpose of performing the corporate governance duties and the attendances of the members of the Executive Committee at that meeting are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Li Shaofeng *(chairman of the committee)*	1/1
Luo Zhenyu	1/1
Wang Tian	1/1
Wang Qinghua *(appointed as a member with effect from 1 September 2014)*	0/0
Yuan Wenxin	1/1

BOARD COMMITTEES (continued)

Executive Committee (continued)

The major work in relation to the corporate governance of the Group performed by the Executive Committee during the year included, among other things, the following:

- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company for the year ended 31 December 2013.

Audit Committee

An Audit Committee of the Board was established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Audit Committee include, amongst other things:

- overseeing the relationship with the Company's auditor;
- reviewing the interim and annual financial statements;
- reviewing the Company's financial reporting system and internal control procedures; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

The chairman of the Audit Committee is an Independent Non-executive Director and the Audit Committee comprised all Independent Non-executive Directors of the Company. None of the members of the Audit Committee are former partners of the auditor of the Company.

BOARD COMMITTEES (continued)

Audit Committee (continued)

During the year, two physical meetings of the Audit Committee were held and the attendances of the members of the Audit Committee at those meetings are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Tam King Ching, Kenny *(chairman of the committee)*	2/2
Zhou Jianhong	2/2
Yip Kin Man, Raymond	2/2

The major work performed by the Audit Committee during the year included, amongst other things, the following:

- reviewing the final results of the Group for the financial year ended 31 December 2013; and
- reviewing the interim results of the Group for the six months ended 30 June 2014.

During the year, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor.

Nomination Committee

A Nomination Committee of the Board was established in September 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Nomination Committee include:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;
- assessing the independence of Independent Non-executive Directors; and
- reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives.

BOARD COMMITTEES (continued)

Nomination Committee (continued)

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the Board Diversity Policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

During the year, three physical meetings of the Nomination Committee were held and the attendances of the members of the Nomination Committee at those meetings are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Li Shaofeng *(chairman of the committee)*	3/3
Leung Shun Sang, Tony	3/3
Tam King Ching, Kenny	3/3
Zhou Jianhong	3/3
Yip Kin Man, Raymond	3/3

The major work performed by the Nomination Committee during the year included, amongst other things, the following:

- assessing the independence of the Independent Non-executive Directors;
- considering and making recommendations to the Board on the re-election of Directors at the annual general meeting;
- considering and making recommendations to the Board for the appointment of Mr. Wang Qinghua as an Executive Director and the Deputy Managing Director of the Company; and
- reviewing the structure and composition of the Board with due regard for the benefits of diversity on the Board.

BOARD COMMITTEES (continued)

Remuneration Committee

A Remuneration Committee of the Board was established in September 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;

- reviewing and approving the management's remuneration proposals with reference to the Company's goals and objectives;

- determining, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management and making recommendations to the Board on the remuneration of Non-executive Directors;

- reviewing and approving compensation payable to Executive Directors and senior management and compensation arrangements relating to dismissal or removal of Directors for misconduct; and

- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee may consult the Chairman of the Board and/or the Managing Director of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

During the year, two physical meetings of the Remuneration Committee were held and the attendances of the members of the Remuneration Committee at those meetings are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Tam King Ching, Kenny *(chairman of the committee)*	2/2
Li Shaofeng	2/2
Leung Shun Sang, Tony	2/2
Zhou Jianhong	2/2
Yip Kin Man, Raymond	2/2

The major work performed by the Remuneration Committee during the year included, amongst other things, the following:

- considering and approving the terms of the service contract and the remuneration of Mr. Wang Qinghua;
- considering, reviewing and determining the remuneration of the Executive Directors of the Company for the year 2015;
- considering the bonuses of the Executive Directors of the Company for the year 2014; and
- making recommendations to the Board on the directors' fee of the Non-executive Directors of the Company for the year 2015.

Details of remuneration paid to Directors and senior management for the year are set out in note 13 to the consolidated financial statements.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman and/or the Managing Director of the Company on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs.

The Company Secretary reports to the Chairman and the Managing Director. All Directors also have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations are followed. The selection, appointment and dismissal of the Company Secretary is subject to the Board approval.

The Company Secretary has confirmed that she has taken no less than 15 hours of relevant professional training during the year.

INTERNAL CONTROL

The Board is of the opinion that sound internal control systems will contribute to the effectiveness and efficiency of operations of the Group and to the safeguard of the Group's assets as well as the shareholders' investment.

The Board is responsible for overall ensuring, maintaining and overseeing the internal control systems of the Group. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by continuously reviewing and monitoring the internal control systems and processes so as to ensure that they can provide reasonable assurance against material errors of the Group.

The internal control system is embedded within the business processes so that it functions as an integral part of the overall operations of the Group. The system comprises a comprehensive organization structure with assignment of definite accountabilities and delegation of the corresponding authorities to each post. Based on the organization structure, a reporting system has been developed which includes a reporting system from division head of each principal business unit to the Executive Committee.

Business plan and budget are prepared by the division head of each principal business unit annually. In preparing the business plans and budgets, the management identifies and evaluates any potential risks. Measures will be put in place with an aim to ultimately manage, control or lessen such risks.

INTERNAL CONTROL (continued)

The business plans and budgets are subject to review and approval by the Executive Committee. The Executive Committee reviews monthly management report on the operational and financial results of each principal business unit and measures the actual performance of the Group against the business plan and budget concerned. In this course, the Executive Committee also reviews and assesses the effectiveness of all material controls and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Executive Committee holds periodical meetings with the senior management of each principal business unit to, amongst other matters, address the issues in such controls, identify areas of improvement and put the appropriate measures in place.

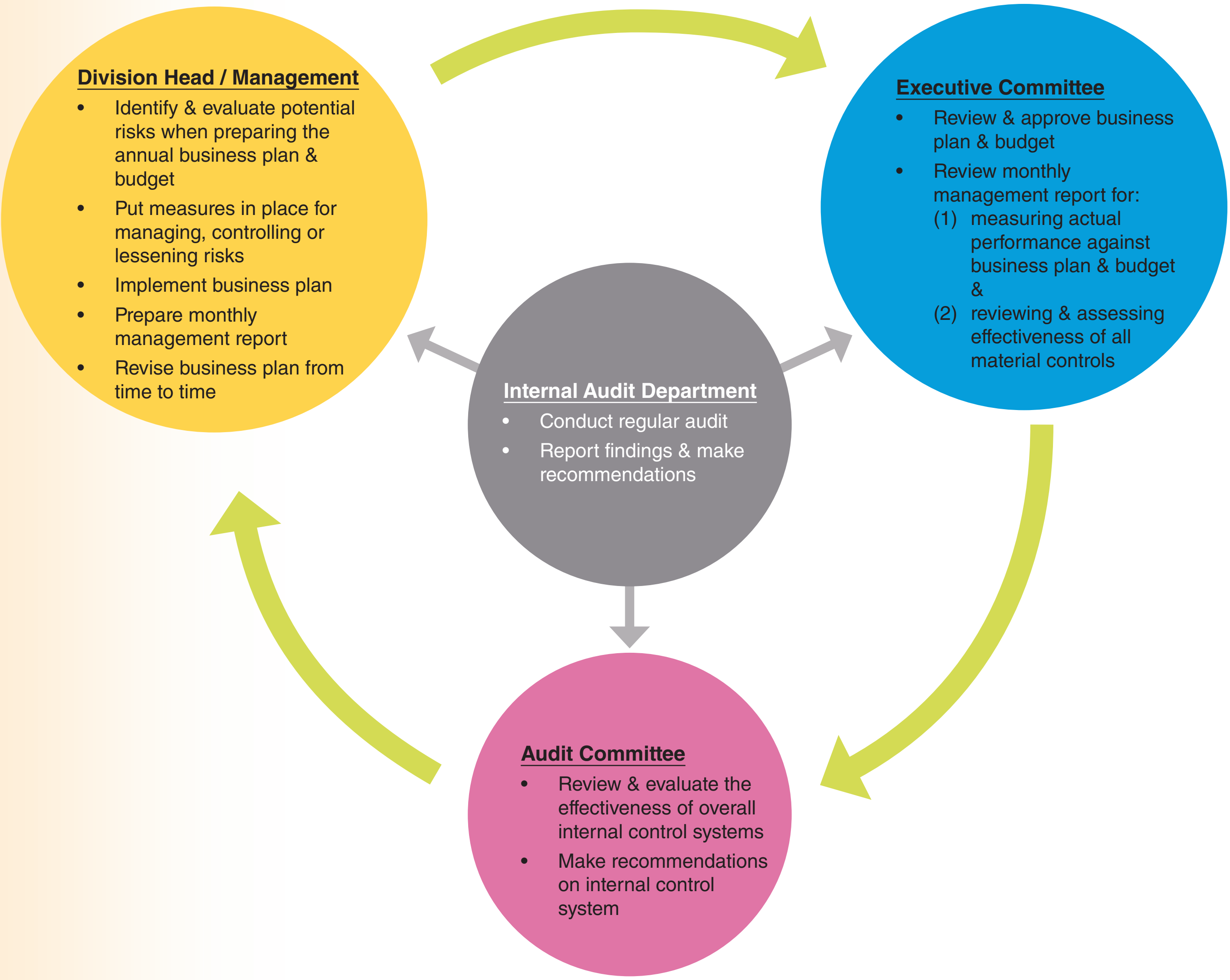
The internal control system of the Group is documented and if any revision is required, such information will be submitted to the Audit Committee for evaluation.

The Audit Committee assists the Board to fulfill its oversight role over the Group's internal control function by reviewing and evaluating the effectiveness of the overall internal control systems.

The Company set up an Internal Audit Department in February 2006 which assists the Board and the Audit Committee to discharge its duties in internal control aspect. The Internal Audit Department, which is independent to the operational departments of the Group, is responsible for conducting regular audits on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls as well as risk management, are in place and functioning effectively. The Internal Audit Department reports to the Board and the Audit Committee with its findings and makes recommendations to improve the internal control systems of the Group.

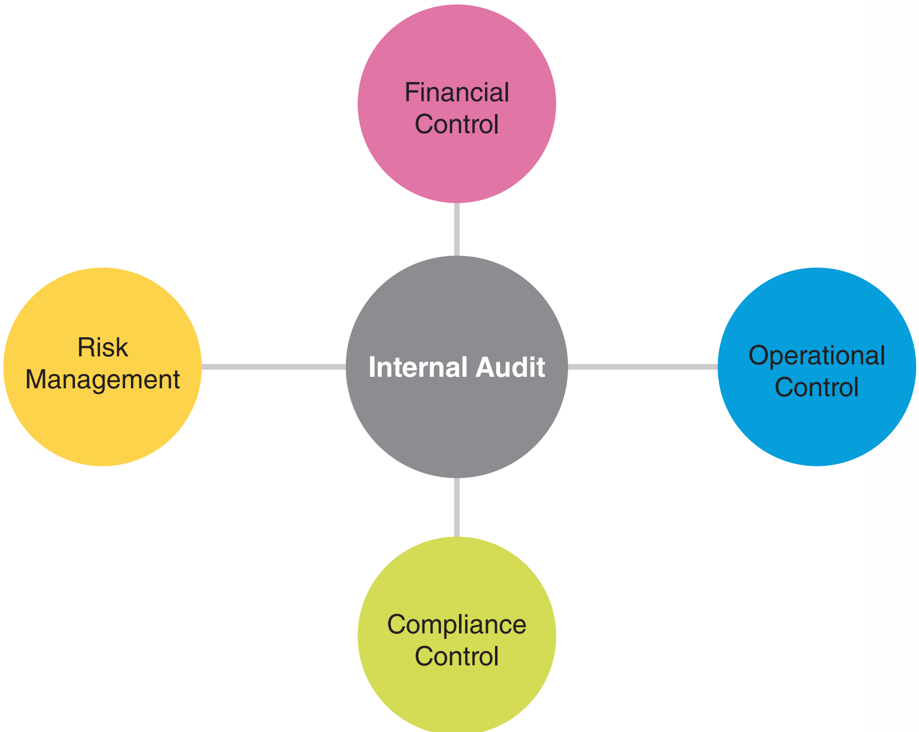
INTERNAL CONTROL (continued)

Internal Control System



INTERNAL CONTROL (continued)

Internal audit functions



The Board considers that it is an ongoing and continuous process for the Group to review and improve its internal control systems in order to ensure that they can meet with the dynamic and ever changing business environment. During the year under review, the Board has been, through the Executive Committee and the Audit Committee (with the assistance from the Internal Audit Department), continuously reviewing the effectiveness of the Group's internal control systems.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as a code of conduct of the Company for Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2014.

Employees who are likely to possess inside information in relation to the Company or its shares are required to prohibit from dealing in shares of the Company during the black-out period.

AUDITOR'S REMUNERATION

During the year, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	*HK$'000*
Audit services	910
Non-statutory audit services:	
Review on interim financial report	332
Special audit services	199
	1,441

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the annual and interim reports and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

The statement of the auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 55 to 56 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

On 22 March 2012, the Board adopted a Shareholders' Communication Policy reflecting the current practices of the Company for communication with its shareholders. Such policy aims at ensuring the shareholders of the Company are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders to engage actively with the Company.

To foster effective communications with the shareholders, the Company provides extensive information in its annual and interim reports and announcements. All shareholders' communications are also available on the Company's website at www.shougang-grand.com.hk.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries.

COMMUNICATION WITH SHAREHOLDERS (continued)

During the year, three general meetings were held by the Company. One of the general meetings was the annual general meeting of the Company held on 6 June 2014 (the "2014 AGM") while the other two general meetings were the special general meetings of the Company held on 3 June 2014 and 14 November 2014, respectively. At the special general meeting held on 3 June 2014 (the "First SGM"), the finance lease agreement with Xiamen Jinli Zhida Auto Parts Co., Ltd., under which the transactions constituted major transactions of the Company, was approved by the shareholders. At the special general meeting held on 14 November 2014 (the "Second SGM"), (i) the finance lease agreement with Shougang Guiyang Special Steel Co., Ltd., under which the transactions constituted major and connected transactions of the Company; and (ii) the master loan facility agreement with Shougang Shuicheng Gangtie (Group) Co., Ltd., under which the transactions constituted very substantial acquisition and continuing connected transactions of the Company, were approved by the independent shareholders. The auditor of the Company, Deloitte Touche Tohmatsu, attended the 2014 AGM. All members of the independent board committee established by the Board, which was comprised of all Independent Non-executive Directors, to advise the independent shareholders of the Company on the connected transactions and continuing connected transactions of the Company for consideration at the Second SGM, attended the Second SGM. Details of the Directors' attendances at the general meetings of the Company held during the year are as follows:

Directors	Attendance at the 2014 AGM	Attendance at the First SGM	Attendance at the Second SGM
Executive Directors			
Li Shaofeng *(Chairman)*	✓	X	X
Luo Zhenyu	✓	✓	✓
Wang Tian	✓	✓	X
Wang Qinghua *(appointed with effect from 1 September 2014)*	Not applicable	Not applicable	✓
Yuan Wenxin	✓	✓	✓
Non-executive Director			
Leung Shun Sang, Tony	✓	X	X
Independent Non-executive Directors			
Tam King Ching, Kenny	✓	X	✓
Zhou Jianhong	✓	✓	✓
Yip Kin Man, Raymond	✓	✓	✓

COMMUNICATION WITH SHAREHOLDERS (continued)

During the year, all notices of general meetings despatched by the Company to its shareholders for meetings held were sent for annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days for all other general meetings. Separate resolutions were proposed at general meetings on each substantially separate issue, including the election of individual Directors, and all resolutions put to the vote of the general meetings were taken by way of a poll. At the general meetings, the chairmen of the meetings explained the procedures for conducting a poll and answered questions from shareholders on voting by poll, if any. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

SHAREHOLDERS' RIGHTS

Convene a special general meeting

Shareholder(s) holding not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a requisition to convene a special general meeting pursuant to Clause 74 of the Companies Act 1981 of Bermuda (as amended). The requisition must state the purposes of the meeting, and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company.

Put forward proposals at shareholders' meetings

Shareholder(s) representing not less than one-twentieth (5%) of the total voting rights of all the shareholders of the Company or of not less than 100 shareholders of the Company may by requisition, at their own expense unless the Company otherwise resolves, to put forward proposals at general meetings of the Company pursuant to Clauses 79 and 80 of the Companies Act 1981 of Bermuda (as amended). A written notice to that effect signed by the shareholder(s) concerned together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting for requisition(s) requiring notice of a resolution, or not less than one week before the meeting for any other requisition(s).

Shareholders' enquiries

Specific enquiries or suggestions by shareholders can be sent in writing to the Board or the Company Secretary at the Company's principal office in Hong Kong or by email to the Company. In addition, shareholders can contact Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shareholdings and entitlement to dividend. Relevant contact details are set out on page 2 of this annual report.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and associates are set out in notes 40 and 19 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 57 to 137 of this annual report.

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on pages 139 to 140 of this annual report.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

Particulars of the major investment properties of the Group as at 31 December 2014 are set out on page 138 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Particulars of the major properties of the Group as at 31 December 2014 are set out on page 138 of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 60 of this annual report.

REPORT OF THE DIRECTORS

DONATIONS

No charitable donation was made by the Group during the year (2013: Nil).

DIRECTORS

The Directors of the Company during the year were as follows:

Li Shaofeng	
Luo Zhenyu	
Wang Tian	
Wang Qinghua	*(appointed with effect from 1 September 2014)*
Yuan Wenxin	
Leung Shun Sang, Tony	
Tam King Ching, Kenny*	
Zhou Jianhong*	
Yip Kin Man, Raymond*	

* *Independent Non-executive Directors*

In accordance with clauses 99 and 102(B) of the Company's bye-laws, Mr. Wang Tian, Mr. Wang Qinghua, Mr. Tam King Ching, Kenny, and Mr. Yip Kin Man, Raymond, will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 December 2014 had the following interests in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 31 December 2014 as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(a) Long positions in the shares and underlying shares of the Company

		Number of shares/underlying shares in the Company			Total interests as to % of the issued share capital of the Company as at
Name of Director	**Capacity in which interests were held**	**Interests in shares**	**Derivative interests***	**Total interests**	**31.12.2014**
Li Shaofeng	Beneficial owner	–	11,000,000	11,000,000	0.95%
Luo Zhenyu	Beneficial owner	–	9,000,000	9,000,000	0.78%
Wang Tian	Beneficial owner	4,000,000	11,094,000	15,094,000	1.31%
Yuan Wenxin	Beneficial owner	4,000,000	15,094,000	19,094,000	1.65%
Leung Shun Sang, Tony	Beneficial owner	8,278,000	19,368,000	27,646,000	2.39%
Tam King Ching, Kenny	Beneficial owner	–	2,286,000	2,286,000	0.19%
Zhou Jianhong	Beneficial owner	–	2,286,000	2,286,000	0.19%
Yip Kin Man, Raymond	Beneficial owner	–	2,286,000	2,286,000	0.19%

* *The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 7 June 2002 (the "2002 Scheme"). Upon exercise of the share options in accordance with the 2002 Scheme, ordinary shares of HK$0.01 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Option Schemes" below.*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(b) Long positions in the shares and underlying shares of Global Digital Creations Holdings Limited ("GDC"), an associated corporation of the Company

Name of Director	Capacity in which interests were held	Number of shares in GDC	Interests as to % of the issued share capital of GDC as at 31.12.2014
Wang Tian	Beneficial owner	820	0.00%
Leung Shun Sang, Tony	Beneficial owner	30,008,200	1.98%
Zhou Jianhong	Beneficial owner	400,410	0.02%

Save as disclosed above, as at 31 December 2014, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Schemes" herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Director has declared interests in the following business (other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or any member of the Group) which is considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group during the year:

Name of Director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Li Shaofeng	Shougang Holding (Hong Kong) Limited# ("Shougang Holding")	Property investment	Director

Such business may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.

The Board of the Company is independent from the board of the above-mentioned entity and is accountable to the Company's shareholders. Coupled with the diligence of its Independent Non-executive Directors whose views carry significant weight in the Board's decisions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of this entity.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2014, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares/underlying shares of the Company

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares	Interests as to % of the issued share capital of the Company as at 31.12.2014	*Note(s)*
Shougang Holding	Interests of controlled corporations	430,491,315	37.36%	*1*
Wheeling Holdings Limited ("Wheeling")	Beneficial owner	430,491,315	37.36%	*1*
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interests of controlled corporations	133,048,717	11.54%	*2, 3*
Max Same Investment Limited ("Max Same")	Beneficial owner	91,491,193	7.94%	*2*
Li Ka-shing	Interests of controlled corporations, founder of discretionary trusts	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee, beneficiary of a trust	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee, beneficiary of a trust	133,048,717	11.54%	*3*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares/underlying shares of the Company (continued)

Notes:

1. Shougang Holding indicated in its disclosure form dated 18 February 2010 (being the latest disclosure form filed up to 31 December 2014) that as at 12 February 2010, its interest was the shares of the Company held by Wheeling, a wholly-owned subsidiary of Shougang Holding.

2. Cheung Kong indicated in its disclosure form dated 26 February 2005 (being the latest disclosure form filed up to 31 December 2014) that as at 23 February 2005, 91,491,193 shares of the Company were held by Max Same, a wholly-owned subsidiary of Cheung Kong and 41,557,524 shares of the Company were held by Botany Limited which in turn was held as to 87.5% by Cheung Kong. Accordingly, Cheung Kong was interested in an aggregate of 133,048,717 shares of the Company.

3. Mr. Li Ka-shing indicated in his disclosure form dated 17 July 2012 (being the latest disclosure form filed up to 31 December 2014) that as at 16 July 2012, his interests in the Company were held by Cheung Kong which in turn was held as to 40.43% by TUT1. TUT1 was wholly-owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco") which in turn was held as to 33.33% by Mr. Li Ka-shing. TDT1 and TDT2, both wholly-owned subsidiaries of Unity Holdco, were deemed to be interested in the shares of the Company which TUT1 was interested in. The long position in the 133,048,717 shares of the Company held by Cheung Kong, Mr. Li Ka-shing, TUT1, TDT1 and TDT2 were the same block of shares.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

SHARE OPTION SCHEMES

On 7 June 2002, the shareholders of the Company adopted the 2002 Scheme which would be valid for a period of ten years. On 25 May 2012, the shareholders of the Company approved the termination of the 2002 Scheme (to the effect that no further share option shall be granted by the Company under the 2002 Scheme) and the adoption of a new share option scheme (the "2012 Scheme"), which became effective on 29 May 2012 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2012 Scheme. The share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

A summary of the principal terms of each of the 2002 Scheme and the 2012 Scheme is set out below:

(a) The 2002 Scheme

The purpose of the 2002 Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution to the Company and/or its subsidiaries and/or its associated companies. The 2002 Scheme was adopted on 7 June 2002 and terminated on 29 May 2012.

Under the 2002 Scheme, the Directors may, at their discretion, offer directors (including executive and non-executive directors), executives, officers, employees or shareholders, of the Company or any of its subsidiaries or any of its associated companies, and any suppliers, customers, consultants, advisers, agents, partners or business associates who will contribute or have contributed to the Company or any of its subsidiaries or any of its associated companies, share options to subscribe for shares of the Company.

The total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2002 Scheme is 135,938,000 which represents approximately 11.80% of the issued share capital of the Company as at the date of this annual report. Since the 2002 Scheme was terminated on 29 May 2012, no further options can be granted under the 2002 Scheme. However, the share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

Each of the grantees was required to pay HK$1.00 as a consideration for the grant of share options in accordance with the 2002 Scheme. The offer of share options must be accepted within 60 days from the date of offer.

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2002 Scheme and the 2012 Scheme.

SHARE OPTION SCHEMES (continued)

(a) The 2002 Scheme (continued)

No share option was granted, exercised or cancelled in accordance with the terms of the 2002 Scheme during the year. Details of movements in the share options under the 2002 Scheme during the year are as follows:

Category or name of grantees	Options to subscribe for shares of the Company: At the beginning of the year	Lapsed during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share
Directors of the Company						
Li Shaofeng	11,000,000	–	11,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
Luo Zhenyu	9,000,000	–	9,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
Wang Tian	5,094,000	–	5,094,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	6,000,000	–	6,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	11,094,000	–	11,094,000			
Yuan Wenxin	9,094,000	–	9,094,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	6,000,000	–	6,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	15,094,000	–	15,094,000			
Leung Shun Sang, Tony	11,368,000	–	11,368,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	8,000,000	–	8,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	19,368,000	–	19,368,000			
Tam King Ching, Kenny	1,136,000	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	2,286,000			
Zhou Jianhong	1,136,000	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	2,286,000			
Yip Kin Man, Raymond	1,136,000	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	2,286,000			
	72,414,000	–	72,414,000			
Employees of the Group	2,400,000	(500,000)[1]	1,900,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	7,920,000	(700,000)[1]	7,220,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
	10,320,000	(1,200,000)	9,120,000			
Other participants	34,104,000	–	34,104,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	18,500,000	–	18,500,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	600,000	–	600,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
	53,204,000	–	53,204,000			
	135,938,000	(1,200,000)	134,738,000			

Note:

1. The share options were held by a grantee who ceased to be an employee of the Group on 1 October 2014. Such share options lapsed on 1 November 2014 according to the terms of the 2002 Scheme.

SHARE OPTION SCHEMES (continued)

(b) The 2012 Scheme

The purpose of the 2012 Scheme is to replace the 2002 Scheme and to continue to enable the Company to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries and/or any entity in which any member of the Group holds any equity interest (the "Invested Entities"). The 2012 Scheme shall be valid and effective for the period of ten years commencing on 25 May 2012, being the date on which the 2012 Scheme was conditionally adopted by the shareholders of the Company, and ending on 25 May 2022 (both dates inclusive).

Under the 2012 Scheme, the Board may, at its discretion, offer full-time or part-time employees, executives, officers or directors (including executive and non-executive directors) of the Company or any of its subsidiaries or any of the Invested Entities, and any advisors, consultants, agents, suppliers, customers and distributors, who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries and/or any of the Invested Entities, share options to subscribe for shares of the Company.

No share option has been granted under the 2012 Scheme since its adoption. The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the 2012 Scheme is 115,219,246, representing approximately 10% of the issued share capital of the Company as at the date of this annual report. The total number of shares of the Company issued and which may fall to be issued upon the exercise of share options to be granted under the 2012 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an Independent Non-executive Director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant (a) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the grant; and (b) having an aggregate value of in excess of HK$5,000,000 (based on the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of each grant), such further grant of options shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting on a poll at which the grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such options, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular. Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, is required to be approved by the Independent Non-executive Directors (excluding the Independent Non-executive Director who is the grantee of the options).

SHARE OPTION SCHEMES (continued)

(b) The 2012 Scheme (continued)

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the 2012 Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of offer of any share options.

The exercise price in relation to each share option will be determined by the Board at its absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of share options; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1.00 as a consideration for his acceptance of the grant of share options in accordance with the 2012 Scheme. The offer of share options must be accepted within 30 days from the date of the offer.

Share options to be granted under the 2012 Scheme do not confer rights on the holders to dividends or to vote at general meetings.

No share option has been granted under the 2012 Scheme since its adoption. Accordingly, as at 31 December 2014, there was no share option outstanding under the 2012 Scheme.

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 or otherwise) during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company had distributable reserves of approximately HK$105,044,800.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 35% of the total sales for the year and sales to the largest customer included therein amounted to approximately 11%. Purchases from the Group's five largest suppliers accounted for approximately 82% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 41%. None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers and suppliers.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following connected transactions and continuing connected transactions were recorded during the year and up to the date of this annual report:

(a) Connected Transactions

As stated in the announcements of the Company dated 30 September 2014 and 23 October 2014 and in the circular of the Company dated 28 October 2014, South China International Leasing Co., Ltd. ("South China Leasing", an indirect wholly-owned subsidiary of the Company), entered into a finance lease agreement with Shougang Guiyang Special Steel Co. Ltd. ("Guigang") on 30 September 2014 ("Finance Lease Agreement"), which was subsequently amended by a supplemental agreement on 23 October 2014 (the "Supplemental Agreement").

Pursuant to the Finance Lease Agreement, South China Leasing has agreed to provide finance lease to Guigang with a principal amount of RMB200,000,000 for a term of 3 years from 2 February 2015, the date on which the Finance Leasing Agreement became effective, for purchase from, and lease back to, Guigang a batch of engineering equipment which would be utilized by Guigang for the manufacturing of refined wire materials. Guigang would pay its lease payments on a quarterly basis with an interest rate at 6% per annum over 3 years and South China Leasing has the right to make adjustment to the interest rate of the finance lease on the first and second anniversary of the date of commencement of the lease. If Guigang would not agree with the adjustment, Guigang should make early repayment of all outstanding lease payments and fees.

On 23 October 2014, South China Leasing as lessor and Guigang as lessee entered into the Supplemental Agreement to supplement the Finance Lease Agreement, pursuant to which South China Leasing and Guigang agreed that South China Leasing will be entitled to either terminate the Finance Lease Agreement or charge an additional fee in the event that the net finance lease interest income to be received by South China Leasing falls below 1.2% per annum.

The entering into of the Finance Lease Agreement will enable South China Leasing to earn a net finance lease income over the 3-year lease term. The entering into of the Supplemental Agreement is to ensure that South China Leasing can earn a net finance lease interest income at a rate of not less than 1.2% per annum.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (continued)

(a) Connected Transactions (continued)

As at the date of the Finance Lease Agreement, Shougang Corporation was the holding company of Shougang Holding, which in turn was a controlling shareholder and connected person of the Company, and Guigang, being a non wholly-owned subsidiary of Shougang Corporation, was an associate of the connected person of the Company. As such, the transaction contemplated under the Finance Lease Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreement exceed 25% but less than 100%, the Finance Lease Agreement as amended by the Supplemental Agreement constituted both a non-exempt connected transaction and a major transaction for the Company under the Listing Rules.

The Finance Lease Agreement as amended by the Supplemental Agreement is subject to (i) approval by the independent shareholders of the Company in accordance with the requirements of the Listing Rules; and (ii) that Shougang Corporation has executed a guarantee in favour of South China Leasing in respect of the obligations of Guigang under the Finance Lease Agreement as amended by the Supplemental Agreement. The Finance Lease Agreement as amended by the Supplemental Agreement was approved, confirmed and ratified by the independent shareholders of the Company on 14 November 2014. The relevant guarantee was executed by Shougang Corporation on 2 February 2015.

(b) Continuing Connected Transactions

As stated in the announcement of the Company dated 10 October 2014 and in the circular of the Company dated 28 October 2014, a master loan facility agreement was entered into between the Company and Shougang Shuicheng Gangtie (Group) Co., Ltd. ("Shuigang") on 10 October 2014 (the "Master Loan Faciilty Agreement").

Pursuant to the Master Loan Facility Agreement, the Company has agreed to provide, or procure its subsidiaries to provide, loan facilities by way of term loan and/or finance lease to Shuigang and/or its subsidiaries in an aggregate principal amount of up to HK$250,000,000 for a term of 3 years from 28 November 2014, the date on which all conditions precedents for the Master Loan Facility Agreement were fulfilled and the Master Loan Facility Agreement became effective (the "Loan Facilities").

For the Loan Facilities provided by way of term loan, the interest rate payable by the borrower shall be at a rate equal to the cost of lending of the Company (or its subsidiaries) plus 1% to 5%, which shall be between 3.6% to 8.6% above the 3-month HIBOR. Unless otherwise agreed, interest payments shall be made on the expiry of the term of the loan.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (continued)

(b) Continuing Connected Transactions (continued)

For the Loan Facilities provided by way of finance lease, the interest rate payable by the borrower shall be at a rate equal to the cost of lending of the Company (or its subsidiaries) plus 1% to 5%. If the loan is denominated in HKD, the interest rate payable by the borrower shall be between 3.6% to 8.6% above the 3-month HIBOR. If the loan is denominated in RMB, the interest rate payable by the borrower shall be at a rate between 2.15% below and 2.85% above the 3-year interest rate offered by The People's Bank of China. Interest payments shall be made on a quarterly basis.

The annual caps of the Loan Facilities for each of the financial years ending 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 are HK$276,250,000, being the possible maximum loan amount that can be granted under the Master Loan Facility Agreement plus the maximum interest income and the handling fee that can be charged by the Company (or its relevant subsidiary).

The entering into of the Master Loan Facility Agreement will enable the Group to earn a net interest income under the Master Loan Facility Agreement.

As at the date of the Master Loan Facility Agreement, Shougang Corporation was the holding company of Shougang Holding, which in turn was a controlling shareholder and connected person of the Company, and Shuigang, being a non wholly-owned subsidiary of Shougang Corporation, was an associate of the connected person of the Company. As such, the transactions contemplated under the Master Loan Facility Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the transactions contemplated under the Master Loan Facility Agreement (including the annual caps) exceed 100%, the Master Loan Facility Agreement constituted both a non-exempt continuing connected transaction and a very substantial acquisition for the Company under the Listing Rules.

The Master Loan Facility Agreement is subject to the following conditions precedents:

(i) the due execution and registration of the mortgage deed(s) regarding the mortgage of a commercial property entered into by Shuigang or its subsidiaries in favour of the Company or the due execution by Shougang Corporation of an irrevocable joint and several guarantee in favour of the Company in respect of the obligations of the Shuigang and its subsidiary under the Master Loan Facility Agreement; and

(ii) the approval of the Master Loan Facility Agreement by the Independent Shareholders in accordance with the requirements of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (continued)

(b) Continuing Connected Transactions (continued)

The Master Loan Facility Agreement and the annual caps thereunder were approved, confirmed and ratified by the independent shareholders of the Company on 14 November 2014. The mortgage agreement regarding the mortgage of the commercial building in favour of the Company was executed and the registration was completed on 28 November 2014.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company must review the continuing connected transactions carried out under the Master Loan Facility Agreement during the year and confirm whether the transactions had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

As no transaction under the Master Loan Facility Agreement had been carried out during 2014, no review was conducted by the independent non-executive directors pursuant to Rule 14A.55.

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditor to report on the continuing connected transaction every year and the auditor of the Company must provide a letter to the Board of Directors of the Company confirming the matters stated in Rule 14A.56 of the Listing Rules in respect of the continuing connected transactions. The letter had been provided by the auditor.

The transactions took place during the year as set out in note 39(a) to the consolidated financial statements under the heading of "Related Party Transactions" were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (continued)

(b) Continuing Connected Transactions (continued)

The transactions set out in note 39(b) to the consolidated financial statements under the heading of "Related Party Transactions" did not constitute connected transactions under the Listing Rules.

As far as the transactions set out in note 39(c) to the consolidated financial statements under the heading of "Related Party Transactions" are concerned, the remuneration of the Directors as determined pursuant to the service contracts entered into between the Directors and the Group were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 38 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are set out in note 41 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

By Order of the Board
Li Shaofeng
Chairman

Hong Kong, 26 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF SHOUGANG CONCORD GRAND (GROUP) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shougang Concord Grand (Group) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 137, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	7	**53,991**	55,888
Cost of sales		**(29,116)**	(37,315)
Gross profit		**24,875**	18,573
Other income	9	**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	10	**(370)**	(345)
Share of results of an associate		**12,994**	13,720
Profit before tax		**12,263**	8,700
Income tax expense	11	**(2,141)**	(2,173)
Profit for the year	12	**10,122**	6,527
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
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	15	**12,830**	–
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties		**(5,438)**	–
		(7,341)	14,051
Items that may be reclassified subsequently to profit or loss:			
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	14		
Basic		**HK0.88 cents**	HK0.57 cents
Diluted		**HK0.88 cents**	HK0.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	15	**19,398**	30,772
Investment properties	16	**116,150**	92,000
Goodwill	17	**52,935**	52,935
Interests in associates	19	**315,059**	299,470
Finance lease receivables	20	**250,514**	251,143
Restricted bank deposits	27	**21,302**	25,879
Available-for-sale investments	25	**5,251**	5,386
Deferred tax assets	32	**233**	466
		780,842	758,051
Current assets			
Inventories	21	**4,325**	3,896
Amount due from an associate	30	**388**	388
Finance lease receivables	20	**273,162**	254,638
Trade receivables	22	**36**	17
Prepayments, deposits and other receivables	23	**7,708**	5,603
Held-for-trading investments	24	**11,036**	16,443
Restricted bank deposits	27	**8,930**	–
Structured deposits	26	**–**	25,641
Bank balances and cash	27	**292,107**	289,273
		597,692	595,899
Current liabilities			
Other payables and accruals	28	**25,008**	17,989
Income received in advance	29	**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	31	**232,391**	197,977
Security deposits received – due within one year	20	**9,989**	3,190
		283,693	235,961
Net current assets		**313,999**	359,938
Total assets less current liabilities		**1,094,841**	1,117,989

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	33	**11,522**	11,522
Retained earnings		**656,468**	646,087
Other reserves		**211,487**	208,429
Equity attributable to owners of the Company		**879,477**	866,038
Non-controlling interests		**696**	757
Total equity		**880,173**	866,795
Non-current liabilities			
Income received in advance	29	**2,361**	4,051
Secured bank borrowings – due after one year	31	**182,345**	222,122
Security deposits received – due after one year	20	**24,524**	25,021
Deferred tax liabilities	32	**5,438**	–
		214,668	251,194
Total equity and liabilities		**1,094,841**	1,117,989

The consolidated financial statements on pages 57 to 137 were approved and authorised for issue by the Board of Directors on 26 March 2015 and are signed on its behalf by:

Li Shaofeng
DIRECTOR

Luo Zhenyu
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Contributed surplus reserve HK$'000 (Note (a))	Translation reserve HK$'000	Share options reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total 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 on revaluation 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**	–
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)
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)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(24,360)**	21,003

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
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**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**25,506**	(1,529)
FINANCING ACTIVITIES		
Repayment of bank loans	**(181,779)**	(256,974)
New bank loans raised	**186,250**	206,958
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**4,471**	(50,016)
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
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**292,107**	289,273

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its Controlling Shareholder, which is defined under the Rules Governing the Listing of Securities on the Stock Exchange as a person who is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the issuer, is Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a company incorporated in Hong Kong with limited liability and the ultimate holding company of Shougang Holding is Shougang Corporation, a company established in the People's Republic of China (the "PRC"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are the finance leasing, property leasing and provision of building management services and assets management.

The functional currency of the Company is Renminbi as the primary economic environment in which the Company's subsidiaries operate is the Mainland China (for the purpose of this report, "Mainland China" refers to the mainland of the PRC and does not include Hong Kong, Macau and Taiwan). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the readers.

2. 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

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

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

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

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.

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

HKFRS 9 *Financial Instruments* (continued)

- 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 the 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

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

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 application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods sold and services provided in the ordinary course of business, net of returns, discounts and sales related taxes.

Finance leasing income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the finance lease receivables and other financial assets to that asset's net carrying amount on initial recognition.

Handling fee income from finance leasing business is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Consultancy fee income is recognised when the services are provided.

Rental income from property leasing is recognised on a straight-line basis over the relevant lease terms.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including leasehold land and building held for use in supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in fair value of investment property are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building (continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities with functional currency in Renminbi are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On the disposal of a group entity that is not a foreign operation, the exchange differences accumulated in equity relating to the translation of assets and liabilities of that group entity into presentation currency of the Group are transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such asset and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax law) that have been enacted or substantially enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL represents financial assets held-for-trading and financial assets designated as FVTPL on initial recognition.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with changes in fair value arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in other income line item.

Fair value is determined in the manner described in Note 5(c).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, finance lease receivables, amount due from an associate, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss of financial assets below).

Impairment loss of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss of financial assets (continued)

For certain categories of financial asset, such as trade receivables and finance lease receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period given and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and finance lease receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or finance lease receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables, security deposits received, other deposits received and secured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and cumulated in equity is recognised in profit or loss.

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Share options granted to the directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

For share options granted after 7 November 2002 but vested before 1 January 2005, the Group did not recognise any financial effect of these share options in accordance with the transitional provisions of HKFRS 2. The financial impact of such share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to other participants

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Impairment losses on tangible assets (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets (see the accounting policy in respect of goodwill above) (continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from these involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties. In respect of those investment properties located in Mainland China, the Group recognised additional deferred taxes relating to land appreciation tax and enterprise income tax on changes in fair value of such investment properties.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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. The fair value of the pledged assets is determined with reference to the relevant market information or valuation result performed by independent valuer. 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). Details of the recoverable amount calculation are disclosed in Note 18.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 19.

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. Notes 5(c) and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Financial assets at FVTPL		
Held-for-trading investments	**11,036**	16,443
Structured deposits designated as at FVTPL	**–**	25,641
	11,036	42,084
Loan and receivables (including cash and cash equivalents)	**324,563**	318,339
Available-for-sale investments	**5,251**	5,386
Finance lease receivables	**523,676**	505,781
Financial liabilities		
Amortised cost	**453,299**	453,656

(b) Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, finance lease receivables, trade receivables, other receivables, held-for-trading investments, structured deposits, restricted bank deposits, bank balances and cash, amount due from an associate, secured bank borrowings, other payables, security deposits received and other deposits received. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in HK$ and Renminbi which are primarily transacted using functional currencies of the respective group entities. The Group is mainly exposed to currency risk in relation to HK$ denominated secured bank borrowings of HK$94,149,000 (2013: HK$26,721,000) as at 31 December 2014 and 2013. The Group will consider using forward exchange contracts to hedge against foreign currency exposures if necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on 5% (2013: 5%) increase and decrease in HK$ against Renminbi, the functional currency of the borrowing entity.

For a 5% (2013: 5%) weakening of HK$ against Renminbi, there would be an increase in post-tax profit by HK$3,931,000 (2013: HK$1,116,000). For a 5% (2013: 5%) strengthening of HK$ against Renminbi, there would be an equal and opposite impact on the profit.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of market interest rate on variable-rate finance lease receivables as disclosed in Note 20, bank balances and restricted bank deposits in Note 27 and secured variable-rate bank borrowings as disclosed in Note 31. It is the Group's policy to keep majority of its finance lease receivables and bank borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease receivables.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of Hong Kong banks' prime rate, the People's Bank of China Renminbi Lending Rate ("PBC rate") and Hong Kong Interbank Offer Rate ("HIBOR") arising from secured bank borrowings and the fluctuations of PBC rate arising from variable-rate finance lease receivables. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate finance lease receivables and secured bank borrowings at the end of reporting period. The analysis is prepared assuming these outstanding balances at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease which represents management's assessment of the reasonably possible change in interest rates is used.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would increase/decrease by approximately HK$325,000 (2013: HK$790,000).

The Group's exposure to bank balances and restricted bank deposits were not included in the above analysis as the management considers that the exposure to these risks for bank balances and restricted bank deposits are insignificant.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities and structured deposits classified as held-for-trading investments and designated as at FVTPL, respectively. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments of entities operating in the PRC which are quoted in stock exchanges in the PRC and Hong Kong. The Group currently does not use any derivative contracts to hedge its exposure to other price risk. However, the management has appointed a team to monitor the price risk and will consider hedging the risk exposure should that needs arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2013: 10%) higher/lower, post-tax profit for the year ended 31 December 2014 would increase/decrease by approximately HK$902,000 (2013: HK$3,283,000) as a result of the changes in fair value of held-for-trading investments and structured deposits.

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2014 and 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Before accepting any new finance lease borrowers, the Group would assess the credit quality of each potential finance lease borrower and define limits for each finance lease borrower. The Group also demands certain finance lease borrowers to place security deposits and/or pledge assets with the Group at the time the finance lease arrangement is entered into. In addition, the Group would also review the repayment history of finance lease payments from each finance lease borrower with reference to the repayment schedule from the date of finance lease was initially granted up to the reporting date to determine the recoverability of a finance lease receivable. Furthermore, the Group would assess and review the fair value of the pledged assets continuously to ensure the value of the relevant collateral could well cover the finance lease amount granted to the customers and any outstanding finance lease receivables.

The credit risk on restricted bank deposits, structured deposits and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in Mainland China, which accounted for 100% (2013: 100%) of the finance lease receivables as at 31 December 2014.

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

The Group also has concentration of credit risk from finance leasing business as 20% (2013: 17%) and 53% (2013: 44%) of the total finance lease receivables was due from the Group's largest finance lease borrower and the five largest finance lease borrowers, respectively. The Group's five largest finance lease borrowers are spread across diverse industries such as airline and manufacturing industries. Of the five largest finance lease borrowers, two (2013: two) of them are listed companies in Mainland China or group companies of listed companies in Mainland China. Over 67% (2013: 90%) of balance of the finance lease customers have good repayment history with no record of late payment. For those finance lease customers with late payment, the management of the Group has delegated a team to monitor the level of exposure to ensure that follow up actions and/or corrective actions and/or legal actions are taken promptly to lower the risk exposure or to recover the overdue balances. Furthermore, the Group would negotiate with certain finance lease customers with late payment by means of debt restructuring, to recover the overdue debts by instalments.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings from time to time.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	Total undiscounted cash flows as at 2014 HK$'000	Carrying amount at 2014 HK$'000
Non-derivative financial liabilities							
Other payables	–	3,837	–	213	–	4,050	4,050
Security deposits received	–	2,272	980	6,737	24,524	34,513	34,513
Secured bank borrowings	4.84	100,399	33,619	112,070	200,303	446,391	414,736
		106,508	34,599	119,020	224,827	484,954	453,299

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5years HK$'000	Total undiscounted cash flows as at 2013 HK$'000	Carrying amount at 2013 HK$'000
Non-derivative financial liabilities							
Other payables	–	5,151	–	195	–	5,346	5,346
Security deposits received	–	–	615	2,575	25,021	28,211	28,211
Secured bank borrowings	5.99	63,934	33,659	119,260	241,564	458,417	420,099
		69,085	34,274	122,030	266,585	491,974	453,656

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2014 and 31 December 2013, the aggregate principal amounts of these bank loans amounted to HK$94,149,000 and HK$26,721,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank loans with a repayment on demand clause. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

	Weighted average interest rate	On demand or less than 1 months	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Secured bank borrowings with repayment on demand clause								
As at 31.12.2014	2.46	241	985	73,518	11,556	11,075	97,375	94,149
As at 31.12.2013	1.22	240	481	2,164	11,539	13,944	28,368	26,721

The amounts scheduled above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 December 2014	Fair value as at 31 December 2013	Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Held-for-trading investments	Listed equity securities: – in Hong Kong: HK$4,766,000 – in Mainland China: HK$2,246,000	Listed equity securities: – in Hong Kong: HK$4,713,000 – in Mainland China: HK$1,506,000	Level 1	Quoted bid prices in an active market	N/A
	Listed debt securities in Hong Kong: HK$4,024,000	Listed debt securities in Hong Kong: HK$10,224,000			
Structured deposits	–	Bank deposits in Mainland China with non-closely related embedded derivative: HK$25,641,000	Level 3	Discounted cash flows Key unobservable inputs are: expected yields of 3.3% to 4.2% of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note)	The higher the expected yield, the higher the fair value The higher the discount rate, the lower the fair value

Note: The Directors consider that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

***Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis** (continued)*

No gains or losses are recognised in profit or loss relating to the change in fair value of structured deposits classified as Level 3 in the current and prior year as the amount involved is insignificant, and therefore no reconciliation of Level 3 fair value measurements is presented.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

6. CAPITAL RISK MANAGEMENT

The Group's manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders, to support the Group's stability and growth, and to strengthen the Group's financial management capability. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in Note 31 net of restricted bank deposits, structured deposits, bank balances and cash, and total equity.

The Directors review the capital structure regularly and manage its capital structure to ensure an optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Directors monitor capital mainly using net debt to total equity ratio and current ratio. These ratios as at 31 December 2014 and 2013 were as follows:

	2014 **HK$'000**	2013 HK$'000
Net debt[(1)]	**92,397**	79,306
Total equity[(2)]	**880,173**	866,795
Net debt to total equity ratio (%)	**10**	9
Current assets	**597,692**	595,899
Current liabilities	**283,693**	235,961
Current ratio (%)	**211**	253

6. CAPITAL RISK MANAGEMENT (continued)

The Directors considered that the Group maintained healthy capital as at 31 December 2014 as the Group has excess of current assets over current liabilities.

Notes:

(1) Net debt equals borrowings less restricted bank deposits, structured deposits and bank balances and cash.

(2) Total equity equals to all capital and reserves of the Group including non-controlling interests.

7. REVENUE

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

	2014	2013
	HK$'000	HK$'000
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

8. 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 HK$'000	Property leasing and building management services HK$'000	Assets management HK$'000	Total HK$'000
Segment revenue	44,918	3,697	5,376	53,991
Segment result	15,301	4,866	(306)	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				12,994
Profit before tax				12,263

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2013

	Finance leasing HK$'000	Property leasing and building management services HK$'000	Assets management HK$'000	Total HK$'000
Segment revenue	46,073	3,154	6,661	55,888
Segment result	9,088	6,032	(71)	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				13,720
Profit before tax				8,700

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 described in Note 3. 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.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	2014 HK$'000	2013 HK$'000
Segment assets		
Finance leasing	**656,492**	720,900
Property leasing and building management services	**117,204**	93,220
Assets management	**39,141**	13,478
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
Consolidated assets	**1,378,534**	1,353,950

	2014 HK$'000	2013 HK$'000
Segment liabilities		
Finance leasing	**453,850**	440,825
Property leasing and building management services	**907**	919
Assets management	**701**	213
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
Consolidated liabilities	**498,361**	487,155

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

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.

Other segment information

2014

	Finance leasing HK$'000	Property leasing and building management services HK$'000	Assets management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	789	197	342	107	1,435
Gain on disposal of property, plant and equipment	–	–	149	–	149
Increase in fair value of investment properties	–	2,400	–	–	2,400
Amounts regularly provided to CODM but not included in the measure of segment profit or loss:					
Interest income from bank deposits	1,392	–	2	3,980	5,374

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

2013

	Finance leasing HK$'000	Property leasing and building management services HK$'000	Assets management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	804	168	258	307	1,537
Increase in fair value of investment properties	–	3,600	–	–	3,600
Amounts regularly provided to CODM but not included in the measure of segment profit or loss:					
Interest income from bank deposits	1,020	1	8	3,433	4,462
Reversal of impairment loss on finance lease receivables	(198)	–	–	–	(198)

Geographical information

The Group operates in two principal geographical areas – Mainland China 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 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
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.

8. SEGMENT INFORMATION (continued)

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 HK$'000	2013 HK$'000
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.

9. OTHER INCOME

	2014 HK$'000	2013 HK$'000
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

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
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	**(23,992)**	(31,905)
	370	345

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.

11. INCOME TAX EXPENSE

	2014 **HK$'000**	2013 HK$'000
Current tax:		
Hong Kong	**151**	184
PRC Enterprise Income Tax ("EIT")	**4,098**	2,180
	4,249	2,364
Overprovision in prior years:		
PRC EIT	**(2,341)**	–
Deferred taxation (Note 32):	**233**	(191)
	2,141	2,173

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 **HK$'000**	2013 HK$'000
Profit before tax	**12,263**	8,700
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	**87**	32
Income tax expense for the year	**2,141**	2,173

12. 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 (Note 13):		
– 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)

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the 9 (2013: 8) Directors and the chief executive were as follows:

2014

	Li Shaofeng HK$'000	Luo Zhenyu HK$'000	Wang Tian HK$'000	Wang Qinghua HK$'000 (Note 1)	Yuan Wenxin HK$'000	Leung Shun Sang, Tony HK$'000	Tam King Ching, Kenny HK$'000	Zhou Jianhong HK$'000	Yip Kin Man, Raymond HK$'000	Total HK$'000
Fees	–	–	–	–	–	190	240	240	240	910
Other emoluments										
Salaries and other benefits	–	2,160	1,440	480	1,440	–	–	–	–	5,520
Retirement benefit scheme contributions	–	108	72	24	72	–	–	–	–	276
Total emoluments	–	2,268	1,512	504	1,512	190	240	240	240	6,706

2013

	Li Shaofeng HK$'000	Luo Zhenyu HK$'000	Wang Tian HK$'000	Yuan Wenxin HK$'000	Leung Shun Sang, Tony HK$'000	Tam King Ching, Kenny HK$'000	Zhou Jianhong HK$'000	Yip Kin Man, Raymond HK$'000	Total HK$'000
Fees	–	–	–	–	190	240	240	240	910
Other emoluments									
Salaries and other benefits	104	2,284	1,440	1,440	–	–	–	–	5,268
Bonus (Note 2)	–	180	120	120	–	–	–	–	420
Retirement benefit scheme contributions	–	108	72	72	–	–	–	–	252
Total emoluments	104	2,572	1,632	1,632	190	240	240	240	6,850

Note:

(1) Mr. Wang Qinghua has been appointed as an Executive Director and the Deputy Managing Director of the Company as well as a member of the Executive Committee with effect from 1 September 2014.

(2) Bonus is determined by the Remuneration Committee of the Company with reference to the Group's performance and prevailing market condition.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

Mr. Li Shaofeng is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

For the years ended 31 December 2014 and 31 December 2013, Mr. Li Shaofeng waived his emoluments for each of the year of HK$1,800,000.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2013: three) were Directors whose emoluments are included in the disclosures above for the year ended 31 December 2014.

The emoluments of the remaining two (2013: two) individuals for the years ended 31 December 2014 and 31 December 2013 was as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other benefits	**1,755**	1,535
Bonus	**430**	410
Retirement benefit scheme contribution	**33**	30
	2,218	1,975

Their emoluments were within the following bands:

	2014 **No. of** **employees**	2013 No. of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1

14. 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000 (Note)	Leasehold improvements HK$'000	Other fixed assets HK$'000	Total HK$'000
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	18,865	117	416	19,398
At 31 December 2013	29,547	218	1,007	30,772

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.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

16. INVESTMENT PROPERTIES

	HK$'000
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 (Note 15)	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.

16. INVESTMENT PROPERTIES (continued)

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**

	Level 3 HK$'000	Fair value at 2013 HK$'000
Residential and industrial property units located in Hong Kong	92,000	92,000

16. INVESTMENT PROPERTIES (continued)

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	2013
	HK$'000	HK$'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 34).

17. GOODWILL

	HK$'000
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

Particulars regarding impairment testing on goodwill are disclosed in Note 18.

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 17 has been allocated to the CGU represented by finance leasing division.

The recoverable amount of the CGU arising from finance leasing division has been determined on the basis of value in use calculations. For the purpose of impairment testing, the value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 8.2% (2013: 8.7%) for finance leasing division. Cash flows beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations 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. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

19. INTERESTS IN ASSOCIATES

	2014 **HK$'000**	2013 HK$'000
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

19. INTERESTS IN ASSOCIATES (continued)

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.

19. INTERESTS IN ASSOCIATES (continued)

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	2013
	HK$'000	HK$'000
Current assets	**420,434**	357,605
Non-current assets	**859,472**	948,116
Current liabilities	**(161,347)**	(175,237)
Non-current liabilities	**(78,819)**	(128,243)

	2014	2013
	HK$'000	HK$'000
Revenue	**204,404**	160,720
Profit for the year	**32,619**	23,285
Other comprehensive income for the year	**4,995**	19,536
Total comprehensive income for the year	**37,614**	42,821

19. INTERESTS IN ASSOCIATES (continued)

GDC (continued)

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

	2014	2013
	HK$'000	HK$'000
Net assets of GDC	**1,039,740**	1,002,241
Net assets attributable to non-controlling interests of GDC	**(46,631)**	(46,112)
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	**7,048**	6,540
Carrying amount of the Group's interest in GDC	**315,059**	299,470

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.

20. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Note)	(Note)		
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**	–
	534,476	550,488	**469,221**	497,420
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	**523,676**	505,781	**523,676**	505,781
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
			523,676	505,781

20. FINANCE LEASE RECEIVABLES (continued)

	2014 HK$'000	2013 HK$'000
Fixed-rate finance lease receivables	**151,112**	1,805
Variable-rate finance lease receivables	**372,564**	503,976
	523,676	505,781

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.

Effective interest rates per annum of the above finance lease receivables for the year are as follows:

	2014	2013
Effective interest rates		
Fixed-rate finance lease receivables	**3.0% to 15.0%**	11% to 11.5%
Variable-rate finance lease receivables	**7.0% to 9.7%**	6% to 15%

Interest rate of variable-rate finance lease receivables is reset when there is a change of the prevailing PBC rate.

As at 31 December 2014, finance lease receivables of approximately HK$342,852,000 (2013: HK$409,528,000) have been pledged against specific bank borrowings granted to the Group (Note 31). The pledges will be released upon the settlement of bank borrowings.

20. FINANCE LEASE RECEIVABLES (continued)

Movement in provision for finance lease receivables

	2014 HK$'000	2013 HK$'000
At 1 January	**39,175**	38,388
Reversal of impairment losses previously recognised on receivables	**–**	(198)
Exchange realignment	**(980)**	985
At 31 December	**38,195**	39,175

Included in the provision for finance lease receivables are individually impaired finance lease receivables with an aggregate balance of HK$38,195,000 (2013: HK$39,175,000). In the opinion of the Directors, these amounts cannot be recovered due to the debtors' default in payment.

Included in the Group's finance lease receivables are thirteen (2013: four) lessees with a total carrying amount of HK$54,455,000 (2013: HK$8,361,000) which is past due as at the end of the reporting period but not impaired. The receivables amount to HK$5,068,000 were settled up to March 2015 (2013: HK$7,560,000 were settled up to March 2014).

The following is an aged analysis at the end of the reporting period of the finance lease receivables which is past due but not impaired:

	2014 HK$'000	2013 HK$'000
Within three months	**24,522**	7,530
From three to six months	**11,978**	831
Over six months	**17,955**	–
	54,455	8,361

Except the mentioned debtors, finance lease receivables are neither past due nor impaired, and the Directors assessed that the balances are with good credit quality according to their past repayment history.

20. FINANCE LEASE RECEIVABLES (continued)

Movement in provision for finance lease receivables (continued)

Security deposits of HK$34,513,000 (2013: HK$28,211,000) have been received by the Group to secure the finance lease receivables and classified into current liabilities and non-current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. In addition, the finance lease receivables are secured over the leased assets mainly aeroplanes, machineries and hopper dredgers as at 31 December 2014.

The Group is not permitted to sell or repledge the collateral of finance lease receivables in the absence of default by the lessee. Estimates of fair value of collateral are made during the credit approval process, determined using valuation techniques commonly used for the corresponding assets. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that loan is updated by reference to market value such as recent transaction price of the assets.

All the Group's finance lease receivables are denominated in Renminbi, the functional currency of the relevant group entity.

21. INVENTORIES

Inventories represent goods held for resale.

22. TRADE RECEIVABLES

	2014 **HK$'000**	2013 HK$'000
Trade receivables	**36**	17
Less: Allowance for doubtful debts	**–**	–
	36	17

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 **HK$'000**	2013 HK$'000
0 – 90 days	**36**	17

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Other receivables	**1,800**	2,782
Prepayments	**4,165**	1,047
Deposits	**1,743**	1,774
	7,708	5,603

24. HELD-FOR-TRADING INVESTMENTS

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

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

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

25. 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.

26. 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 as disclosed in Note 5(c), 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.

27. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

The amounts as at 31 December 2014 and 2013 represented bank deposits which will be released upon the full settlement of the relevant bank borrowings. The deposits carried interest at average interest rate of 0.35% (2013: 0.26%) per annum.

	2014 **HK$'000**	2013 HK$'000
Analysed of reporting purposes:		
Due within one year	**8,930**	–
Due after one year	**21,302**	25,879
	30,232	25,879

Bank balances and cash

The Group's deposits carry interest rate at prevailing bank saving deposits rate ranging from 0.03% to 2.2% (2013: 0.03% to 2.2%) per annum.

28. OTHER PAYABLES AND ACCRUALS

	2014 HK$'000	2013 HK$'000
Accrued salaries and bonuses	**3,079**	2,450
Accrued legal and professional fees	**4,001**	4,156
Other tax payable	**15,892**	7,943
Others	**2,036**	3,440
	25,008	17,989

29. INCOME RECEIVED IN ADVANCE

As at 31 December 2014 and 2013, the income received in advance includes handling fee income received from finance lease borrowers for administrative services provided over the relevant lease term.

	2014 HK$'000	2013 HK$'000
Analysed for reporting purposes:		
Current	**3,247**	3,658
Non-current	**2,361**	4,051
	5,608	7,709

Non-current portion of income received in advance represents handling fee income to be realised after twelve months.

30. AMOUNT DUE FROM AN ASSOCIATE

The amount is unsecured, non-interest bearing and repayable on demand.

31. SECURED BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Secured variable-rate bank borrowings	**414,736**	420,099
Carrying amount repayable (Note):		
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
	414,736	420,099
Less: Amounts due within one year shown under current liabilities	**(232,391)**	(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.

31. SECURED BANK BORROWINGS (continued)

The interest rates for the Group's bank borrowings vary from different subsidiaries. The interest rates vary from Hong Kong banks' prime rate minus 2.75%, HIBOR plus 1% to 2.5% and variable PBC rate plus a percentage spread of 0% to 20% (2013: Hong Kong banks' prime rate minus 2.75%, HIBOR plus 1% and variable PBC rate plus a percentage spread of 0% to 20%). Secured bank borrowings of HK$94,149,000 (2013: HK$26,721,000) are exposed to the fluctuations of HIBOR and Hong Kong banks' prime rate while the remaining HK$320,587,000 (2013: HK$393,378,000) are exposed to the fluctuation of PBC rate. The effective interest rates for the Group ranged from 1.2% to 8.0% per annum for the year ended 31 December 2014 (2013: 1.2% to 8.0% per annum). The interest is repricing every month for secured bank borrowing of approximately HK$195,421,000 (2013: HK$26,721,000) and repricing every quarter for secured bank borrowing of approximately HK$219,315,000 (2013: HK$393,378,000). The proceeds were used as funding for finance leasing business and general working capital for the Group for the years ended 31 December 2014 and 2013.

32. DEFERRED TAXATION

The following are the major deferred taxation recognised and movements thereon during the current and prior years:

	Revaluation of investment properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2013	–	(275)	(275)
Credit to profit or loss	–	(191)	(191)
At 31 December 2013	–	(466)	(466)
Charge to profit or loss	–	233	233
Charge to other comprehensive income	5,438	–	5,438
At 31 December 2014	5,438	(233)	5,205

32. DEFERRED TAXATION (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014	2013
	HK$'000	HK$'000
Deferred tax assets	**(233)**	(466)
Deferred tax liabilities	**5,438**	–
	5,205	(466)

At the end of the reporting period, the Group has unused tax losses of approximately HK$288,303,000 (2013: HK$267,052,000) available for offset against future profits subject to approval from the relevant tax authority. Deferred tax asset has been recognised in respect of approximately HK$1,412,000 (2013: HK$2,824,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$286,891,000 (2013: HK$264,228,000) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries in Mainland China from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiaries in Mainland China amounting to HK$46 million as at 31 December 2014 (2013: HK$41 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. SHARE CAPITAL

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

34. 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).

35. 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.

36. OPERATING LEASES

The Group as lessor

Property rental income earned during the year was approximately HK$3,697,000 (2013: HK$3,154,000). The investment properties are expected to generate rental yield of 3.9% (2013: 4.0%) on ongoing basis. Almost all of the properties held have committed tenants for the next one to two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014	2013
	HK$'000	HK$'000
Within one year	**800**	2,035
In the second to fifth years inclusive	**238**	283
	1,038	2,318

The Group as lessee

Minimum lease payments paid under operating lease in respect of office premises during the year was approximately HK$2,923,000 (2013: HK$2,389,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**2,680**	2,923
In the second to fifth years inclusive	**–**	2,680
	2,680	5,603

As at 31 December 2014 and 2013, operating lease payments represent rentals payable by the Group for certain of its office premises. Leases for properties are negotiated for a term ranging from one to two years (2013: one to two years) with fixed rentals.

37. SHARE OPTIONS SCHEMES

The Company operates share option schemes for the purpose of providing incentives or rewards to eligible participants for their contributions to the Group and/or its associated companies.

The Company adopted a share option scheme (the "2002 Scheme") on 7 June 2002.

Eligible participants of the 2002 Scheme included Directors (including executive and non-executive directors), executives, officers, employees or shareholders of the Company or any of its subsidiaries or any of its associated companies and any suppliers, customers, consultants, advisers, agents, partners or business associates.

Share options granted to a director, executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of in aggregate 0.1% of the shares of the Company in issue on the date of grant and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The period during which a share option may be exercised is determined by the Directors at their absolute discretion, save that no share option may be exercised more than ten years after it has been granted under the 2002 Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option is determined by the Directors at their absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1.00 as consideration for the grant of share options in accordance with the 2002 Scheme. The offer of share options must be accepted within 60 days from the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The 2002 Scheme was terminated on 29 May 2012, no further options can be granted under the 2002 Scheme. However, the share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

37. SHARE OPTIONS SCHEMES (continued)

The 2012 Scheme which has been adopted on 25 May 2012 continues to enable the Company to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries and/or any entity in which any member of the Group holds any equity interest (the "Invested Entities"). The 2012 Scheme shall be valid and effective for a period of ten years commencing on 25 May 2012 and ending on 25 May 2022 (both dates inclusive).

Under the 2012 Scheme, the Board of Directors may, at its discretion, offer full-time or part-time employees, executives, officers or Directors (including executive and non-executive directors) of the Company or any of its subsidiaries or any of the Invested Entities, and any advisors, consultants, agents, suppliers, customers and distributors, who, in the sole opinion of the Board of Directors, will contribute or have contributed to the Company and/or any of its subsidiaries and/or any of the Invested Entities, share options to subscribe for shares of the Company.

The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the 2012 Scheme is 115,219,246, representing 10% of the issued share capital of the Company at the commencement date of the 2012 Scheme. The total number of shares of the Company issued and which may fall to be issued upon the exercise of share options to be granted under the 2012 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting.

In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant (a) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the grant; and (b) having an aggregate value of in excess of HK$5 million (based on the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of each grant), such further grant of options shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting on a poll at which the grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such options, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular. Any grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is required to be approved by the independent non-executive directors (excluding the independent non-executive director who is the grantee of the options).

37. SHARE OPTIONS SCHEMES (continued)

The period during which a share option may be exercised will be determined by the Board of Directors at its absolute discretion, save that no share option may be exercised more than ten years after it has been granted under the 2012 Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Board of Directors is empowered to impose at its discretion any such minimum period at the time of offer of any share options.

The exercise price in relation to each share option will be determined by the Board of Directors at its absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of share options; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1.00 as a consideration for his acceptance of the grant of share options in accordance with the 2012 Scheme. The offer of share options must be accepted within 30 days from the date of the offer.

Share options to be granted under the 2012 Scheme do not confer rights on the holders to dividends or to vote at general meetings.

No share options has been granted under the 2012 Scheme.

37. SHARE OPTIONS SCHEMES (continued)

The following table discloses the details of the share options and movements in the share options under the 2002 Scheme during the years ended 31 December 2014 and 2013:

For the year ended 31 December 2014

				Number of share options		
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2014	Lapsed during the year	At 31.12.2014
Directors of the Company	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	28,964,000	–	28,964,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	23,450,000	–	23,450,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	20,000,000	–	20,000,000
Employees of the Group	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	2,400,000	(500,000)[1]	1,900,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	7,920,000	(700,000)[1]	7,220,000
Other participants	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	34,104,000	–	34,104,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	18,500,000	–	18,500,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	600,000	–	600,000
Total				135,938,000	(1,200,000)	134,738,000
Exercisable at year end						134,738,000

37. SHARE OPTIONS SCHEMES (continued)

For the year ended 31 December 2013

				Number of share options		
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2013	Lapsed during the year	At 31.12.2013
Directors of the Company	6.3.2003	6.3.2003 – 5.3.2014	HK$0.760	604	(604)(2)	–
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	28,964,000	–	28,964,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	23,450,000	–	23,450,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	20,000,000	–	20,000,000
Employees of the Group	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	3,700,000	(1,300,000)(3)	2,400,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	7,920,000	–	7,920,000
Other participants	19.1.2007	19.1.2007 – 18.1.2017	HK$0.410	34,104,000	–	34,104,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	18,500,000	–	18,500,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540	600,000	–	600,000
Total				137,238,604	(1,300,604)	135,938,000
Exercisable at year end						135,938,000

Notes:

(1) The share options were held by a grantee who ceased to be an employee of the Group on 1 October 2014. Such share options lapsed on 1 November 2014 according to the terms of the 2002 scheme.

(2) Such share options lapsed on 6 March 2013, being the expiry date of the relevant exercise period.

(3) The share options were held by a grantee who ceased to be an employee of the Group on 1 December 2012. Such share options lapsed on 1 January 2013 according to the terms of the 2002 Scheme.

No share options were granted and exercised during both years.

38. RETIREMENT BENEFIT SCHEMES

The Group contributes to defined contribution retirement schemes which are available to all employees in Hong Kong. The assets of the schemes are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in Mainland China, the subsidiaries in Mainland China participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme.

The retirement benefit costs represent gross contributions paid and payable by the Group to the schemes operated in Hong Kong and Mainland China (collectively the "Retirement Schemes"). There was no contributions payable to the Retirement Schemes at 31 December 2014 and 2013 and no forfeited contribution throughout both years.

39. RELATED PARTY TRANSACTIONS

The Controlling Shareholder of the Company defined under the Listing Rules is Shougang Holding which is a wholly-owned subsidiary of Shougang Corporation, a state-owned enterprise under the direct supervision of the State Council of the PRC. Accordingly, the Company and the Group are significantly influenced by Shougang Corporation and its subsidiaries (collectively referred as "Shougang Group"). Shougang Group is part of a larger group of companies controlled under the PRC government. The transactions and balances with Shougang Group and other PRC government-related financial institutions are disclosed below:

(a) Transactions and balances with Shougang Group

	Rental income (Note a)		**Consultancy fee expense** (Note b)		**Management fee expense** (Note b)	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Shougang Holding	**–**	–	**960**	960	**–**	–
Associates of Shougang Holding	**–**	–	**–**	–	**840**	840
Li Shaofeng, the Chairman of the Company	**142**	142	**–**	–	**–**	–

39. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with Shougang Group (continued)

Notes:

(a) The transactions were carried out in accordance with the relevant lease agreements.

(b) The transactions were carried out in accordance with the relevant agreements.

At 31 December 2014, the Group's held-for-trading investments included listed securities of 14,870,000 shares (2013: 14,870,000 shares) of Shougang Concord Century Holdings Limited ("Shougang Century"), and 230,000 shares (2013: 230,000 shares) of Shougang Concord International Enterprises Company Limited ("Shougang International"). Shougang Century and Shougang International are associates of Shougang Holding.

(b) Transactions and balances with other PRC government-related entities

Apart from the transactions and balances with the Shougang Group as disclosed in Note 39(a), the Group has entered into various transactions in its ordinary course of business including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are government-related entities. As at 31 December 2014 and 2013, 100%, 99% and 94%, and 100%, 99% and 94%, respectively, of restricted bank deposits, bank balances and bank borrowings are held with these government-related financial institutions.

(c) Compensation of key management personnel

The remuneration of the Directors and other members of key management for both years were as follows:

	2014 **HK$'000**	2013 HK$'000
Short-term benefits	**6,430**	6,598
Post-employment benefit	**276**	252
	6,706	6,850

The remuneration of the Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of principal subsidiaries at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital (Note (a))	Effective equity interest attributable to the Group 2014	2013	Principal activities
Direct subsidiary					
SCG Investment (BVI) Limited	British Virgin Islands ("BVI")	HK$100,000	**100%**	100%	Investment holding
Indirect subsidiaries					
Concord Grand TV & Movie Investment Limited	BVI	US$1	**100%**	100%	Investment holding
Dunley Developments Limited	BVI	US$1	**100%**	100%	Investment holding
Durali Developments Limited	BVI	US$1	**100%**	100%	Investment holding
Grand Park Investment Limited	Hong Kong	HK$2	**100%**	100%	Property investment
Grand Phoenix Limited	BVI	US$1	**100%**	100%	Investment holding
Jeckman Holdings Limited	BVI	US$100	**100%**	100%	Investment holding
Linksky Limited	Hong Kong	HK$2	**100%**	100%	Property holding
Long Cosmos Investment Limited	Hong Kong	HK$2	**100%**	100%	Provision of administrative and management services
Lyre Terrace Management Limited	Hong Kong	HK$1,000,000	**100%**	100%	Investment holding and property investment

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital (Note (a))	Effective equity interest attributable to the Group 2014	2013	Principal activities
Indirect subsidiaries (continued)					
On Hing Investment Company, Limited	Hong Kong	HK$1,000 (ordinary) HK$2,000,000 (non-voting deferred)	**100% (Note (d))**	100% (Note (d))	Property investment
SCG Capital Corporation Limited	Hong Kong	HK$20	**100%**	100%	Investment holding
SCG Finance Corporation Limited	Hong Kong	HK$20	**100%**	100%	Provision of financial services
SCG Financial Investment Limited	BVI	US$1,000	**100%**	100%	Investment holding
SCG Leasing Corporation Limited	Hong Kong	HK$2	**100%**	100%	Property investment
South China International Leasing Co., Ltd ("South China Leasing")	PRC (Note (b))	US$24,000,000 (Registered capital)	**100%**	100%	Provision of finance leasing services
Strenbeech Limited	BVI	HK$147,000,008	**100%**	100%	Investment holding
Tin Fung Investment Company, Limited	Hong Kong	HK$975,000 (ordinary) HK$210,000 (non-voting deferred)	**100% Note (d))**	100% (Note (d))	Property investment

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital (Note (a))	Effective equity interest attributable to the Group 2014	2013	Principal activities
Indirect subsidiaries (continued)					
Upper Nice Assets Ltd.	BVI	US$1	**100%**	100%	Investment holding
Valuework Investment Holdings Limited	BVI	US$100	**100%**	100%	Investment holding
悅康融滙投資咨詢(深圳)有限公司 Ecko Investment Company Limited*	PRC (Note (c))	HK$11,700,000 (Registered capital)	**100%**	100%	Investment holding
深圳市悅康融滙貿易發展有限公司 Ecko Trading Development Company Limited*	PRC (Note (c))	RMB2,000,000 (Registered capital)	**90%**	90%	Trading

* For identification purpose only

Notes:

(a) All issued share capital are ordinary shares unless otherwise stated.

(b) This entity is sino-foreign equity joint venture.

(c) These entities are limited liability enterprises.

(d) Interests only refer to ordinary shares which are voting shares.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

41. EVENTS AFTER THE REPORTING PERIOD

On 26 March 2015, the Company entered into a shares subscription agreement with Shougang Holding, pursuant to which Shougang Holding has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 920,000,000 new shares of the Company at HK$0.41 per share to Shougang Holding. On the same date, the Company entered into a new shares placing agreement with VMS Securities Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a fully underwritten basis, 600,000,000 shares of the Company at HK$0.41 per share.

On 26 March 2015, the Company, Shougang Holding and South China Leasing, an indirect wholly-owned subsidiary of the Company, entered into a capital injection agreement, pursuant to which the Company and Shougang Holding have conditionally agreed that the Company (through its subsidiaries) and Shougang Holding shall inject capital of approximately US$97,500,000 and US$40,500,000 respectively into South China Leasing. Subsequent to the completion of the capital injection, Shougang Holding will hold 25% of the enlarged registered capital of South China Leasing and the Company's equity interest in South China Leasing will be reduced from 100% to 75% and constitutes a deemed disposal for the Group under the Listing Rules.

On 26 March 2015, the Company entered into a master facilities agreement with Shougang Corporation, pursuant to which the Company had conditionally agreed to provide or procure its subsidiaries to provide the facilities by way of entrusted payment and/or finance lease to Shougang Corporation and/or its subsidiaries in an aggregate principal amount of up to RMB8,000,000,000 for a term of 3 years.

42. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2014 HK$'000	2013 HK$'000
Non-current asset		
Investment in a subsidiary	**231,154**	231,154
Current assets		
Prepayment, deposits and other receivables	**193**	193
Bank balances and cash	**117**	115
	310	308
Current liabilities		
Other payables and accruals	**102**	102
Amounts due to subsidiaries	**85,707**	85,700
	85,809	85,802
Net current liabilities	**(85,499)**	(85,494)
Net assets	**145,655**	145,660
Capital and reserves		
Share capital	**11,522**	11,522
Reserves	**134,133**	134,138
Total equity	**145,655**	145,660

Reserves

	Share premium HK$'000	Contributed surplus reserve HK$'000	Share options reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2013	1,007	113,441	28,504	(8,812)	134,140
Lapse of share options	–	–	(207)	207	–
Loss for the year	–	–	–	(2)	(2)
At 31 December 2013	1,007	113,441	28,297	(8,607)	134,138
Lapse of share options	–	–	(216)	216	–
Loss for the year	–	–	–	(5)	(5)
At 31 December 2014	**1,007**	**113,441**	**28,081**	**(8,396)**	**134,133**

PARTICULARS OF MAJOR PROPERTIES

Details of the Group's major properties at the end of the reporting period are as follows:

LOCATION	EXISTING USE	LEASE TERM	ATTRIBUTABLE INTEREST OF THE GROUP
Investment properties			
1. 16th Floor and roof and car parking space nos. 7, 8 and 9, Manson Industrial Building, S.I.L. 739 A Kung Ngam Road, A Kung Ngam, Shaukeiwan, Hong Kong	Industrial	Long	100%
2. Flat 55 on 15th Floor of Tower 8 (of Parkview Rise) and Carparking Space No.283 on Car Park Entrance 3 (Level 4) Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong	Residential	Long	100%
3. Flat 9 on 23rd Floor and Flat 7 on 25th Floor, Apartment Tower on the Western Side, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong	Residential	Long	100%
4. Flat 1612 of Block Q and Flat 2904 of Block R, Kornhill, Quarry Bay, Hong Kong	Residential	Long	100%
5. A space known as A35 on Ground Floor, Villa Verde, Guildford Road, The Peak, Hong Kong	Residential	Long	100%
6. Office units No. 23E to 23H on 23rd Floor, Times Financial Centre, No. 4001 Shennan Road, Futian District, Shenzhen, Guangdong Province, The People's Republic of China	Commercial	Long	100%
Buildings			
1. Office units No. 23A to 23E on 23rd Floor, Times Financial Centre, No. 4001 Shennan Road, Futian District, Shenzhen, Guangdong Province, The People's Republic of China	Commercial	Long	100%

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2010 HK$'000 (Restated)	2011 HK$'000 (Restated)	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
RESULTS					
Continuing operations					
Revenue	57,147	67,505	55,534	55,888	**53,991**
Cost of sales	(31,653)	(44,012)	(34,969)	(37,315)	**(29,116)**
Gross profit	25,494	23,493	20,565	18,573	**24,875**
Other income	2,590	5,487	8,109	6,627	**8,139**
Interest income from entrusted loan receivables	307	12	–	–	**–**
Distribution costs and selling expenses	(928)	(2,044)	(1,007)	(742)	**(872)**
Administrative expenses	(37,695)	(48,425)	(34,182)	(33,294)	**(35,538)**
Impairment loss on finance lease receivables	(21,201)	(8,225)	–	–	**–**
Impairment loss on interests in an associate	–	(66,994)	(30,000)	–	**–**
Increase in fair value of investment properties	38,140	65,055	13,600	3,600	**2,400**
Profit (loss) on disposal of partial interests and dilution of interests in an associate	1,358	(6,883)	–	–	**–**
Changes in fair value of held-for-trading investments	(282)	(10,441)	3,229	561	**635**
Finance costs	(2,649)	(2,100)	(553)	(345)	**(370)**
Share of results of associates	(16,388)	166,521	24,659	13,720	**12,994**
(Loss) profit before tax	(11,254)	115,456	4,420	8,700	**12,263**
Income tax expense	(3,684)	(2,465)	(2,372)	(2,173)	**(2,141)**
(Loss) profit for the year from continuing operations	(14,938)	112,991	2,048	6,527	**10,122**
Discontinued operations					
Profit for the year from discontinued operations	135,233	–	–	–	**–**
Profit for the year	120,295	112,991	2,048	6,527	**10,122**
Attributable to:					
Owners of the Company	30,368	112,978	2,024	6,550	**10,165**
Non-controlling interests	89,927	13	24	(23)	**(43)**
	120,295	112,991	2,048	6,527	**10,122**

FIVE-YEAR FINANCIAL SUMMARY

	As at 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(Restated)	(Restated)			
ASSETS AND LIABILITIES					
Total assets	1,374,428	1,572,252	1,370,503	1,353,950	**1,378,534**
Total liabilities	(667,067)	(735,054)	(524,286)	(487,155)	**(498,361)**
	707,361	837,198	846,217	866,795	**880,173**
Equity attributable to owners of the Company	706,700	836,470	845,456	866,038	**879,477**
Non-controlling interests	661	728	761	757	**696**
	707,361	837,198	846,217	866,795	**880,173**

Note: The financial information for the years ended 31 December 2010 and 2011 have been restated as a result of the application of the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets effective for the annual period beginning on 1 January 2012.